



CMS FHA Guideline Overlays:	FHA	Overlay
Manual Downgrade for FICO 640 and under and DTI > 43, regardless of AUS decision	HUD does not require	Overlay updated: 1) Continue to mark the “CMS manual downgrade” box in E360 so we can track for future NHW score impact 2) Obtain manual UW conditions for LOE of derogatory credit and VOR current for 12 month rating 3) Do not apply the downgrade requirements for acceptable credit history. Allow following AUS approve/eligible 4) DTI for manual underwrites will require a 2nd signature in E360 marking boxes for comp factors used to follow AUS approve/eligible
Unacceptable assets for minimum required investment: Private Savings Clubs	HUD allows under strict guidelines	Maintain overlay due to complexity of meeting HUD guideline requirements.
Verification/ documentation of EMD of 1% or less of sale price is required to verify minimum required investment- all funds to close must be documented from an acceptable source	HUD doesn't require the EMD to be verified if less than 1% and funds are not being used as MRI	Maintain overlay due to layered risk. Even though HUD states this guidance in one part of the 4000.1, there is another guideline that states all funds must be verified from an acceptable source.
Unacceptable gift donors include “family like relationship”	HUD allows if documented	Maintain overlay. Currently CMS requires UW Manager or Lead approval due to the recent restrictions / removal of “cousins” and proper documentation requirements in the 4000.1.
Manufactured homes: Double and triple wide only	HUD allows single wide	Maintain overlay. Single wide MFG homes are not overly marketable. HUD also requires a minimum of 400 sq. feet.



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General ineligibility: escrow waivers, temporary buydowns, Energy Efficient Mortgages, Mortgage Credit Certificate / Section 8 Voucher	HUD allows	Maintain overlays.
Ineligible properties: Single wide MFG, Construction to Perm, Land contracts, properties located on Tribal Lands, , sewage lakes or properties located on sink holes	HUD allows	Maintain overlays due to layered risk.
Requirement for both home inspection and 203k Consultant	HUD does not require	Updated overlay. If Consultants are state-approved home inspectors or members of accredited State or National Home Inspection Associations, home inspections will not be required.
CMS VA Guideline Overlays		
125% CLTV on IRRRL	VA does not have a CLTV limit on IRRRLs	Maintain Overlay
VA loans (excluding IRRRLs) 0 x 30 in last 12 months	VA Cash-out - the lien on the property can be delinquent.	Maintain Overlay
CMS does not extend financing on joint VA loans	VA allows joint VA loan with VA prior approval	Maintain Overlay. CMS can review on an exception basis.
Ineligible properties, more than 1 manufactured home (ADU)	VA is silent on ADU	Maintain Overlay
CMS USDA Guideline Overlays		
CMS does not have any overlays specific to USDA		