

FHA REPAIR ESCROW

Description Channels	HUD offers its acquired properties (Real Estate Owned "REO") for sale with FHA –insured financing provided they meet the intent of FHA's minimum property standards (MPS). The property does not meet HUD's MPR in it's as-is condition, but if repairs of no more than \$10,000 are completed; the HUD REO Property would meet HUD's MPR. HUD will determine the cost of the necessary repairs. An escrow account to complete the repairs to meet MPR after closing is required. Broker Correspondent Non-Delegated UW Delegated UW
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	 Important: CDE clients must complete an interview with the AFR Renovation Department and be approved prior to submission on any FHA 203(k) transaction.
FICO	Minimum Qualifying Credit Scores:
UW Method	 Total Scorecard: Desktop Underwriter (DU) Loan Product Advisor (LPA)
AUS Recommendation	 Approve/Eligible – DU Refer/Eligible - DU Risk Class Accept – LPA Risk Class Refer – LPA
Eligible Terms	 10Yr., 15Yr., 20Yr., 25Yr., 30Yr. Fixed 5/1 Hybrid ARM - Suspended 7/14/2022 until further notice
Eligible Transaction Types	Purchase
Eligible Property Types	HUD Owned Properties – Owner Occupied Only 1-4 Unit Primary Residence Manufactured Housing FHA Approved Condominiums PUDs
Maximum LTV/CLTV/HCLTV	HUD REO Purchase 96.50% + maximum of \$10,000 in repairs not to exceed county limit
Maximum DTI	Approve/Eligible or Risk Class Accept - Follow AUS Refer/Eligible or Manual Underwriting – Follow FHA Guidelines
Maximum Escrow Amount	 The maximum escrow amount must be based on the sum of the repairs required to meet the intent of HUD's MPR, plus a 10 percent contingency. The total escrow amount, including the 10 percent contingency, must not exceed \$11,000.
Geographic Restrictions	 Hawaii AFR does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions. AFR requires the use of AFR's Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. AFR utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.
4000.1	http://portal.hud.gov/hudportal/HUD?src=/program offices/housing/sfh/handbook 4000-1 4000.1 II.A.8
Forms	See FORMS Section of the Resource Center

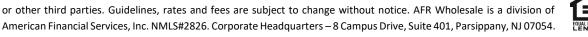
OVERLAYS

Follow all overlays outlined in the FHA 203(b) Program Matrix and:

AFR will require applicable testing for utilities if the PCR report shows that the utilities were never tested.

This information is provided for the use of mortgage professionals only and is not intended for distribution to consumers

• AFR will permit Self-Help on FHA 203(b) Repair Escrow transactions when the appraisal is marked "subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed" and when the repair does not require a license. The loan must adhere to all FHA guidelines and requirements. AFR will require the borrower to provide photos to prove completion of repair and an executed Borrower Completion Certification.







- 2nd level review by AFR Management on any property that is identified to have a current "As-is" property condition rating of C5 or C6. Loan is subject to additional requirements/conditions. Note: "As Completed" Property Condition Rating as determined by the Appraiser must be C1-C4.
- AFR does not permit the renovation or construction of an Accessory Dwelling Unit (A.D.U.).