

## FHA Guideline Reference Tool (10/22/25)

### Table of Contents

#### Introduction

#### Product Specifications

- Amortization Type
- Chase FHA Institution ID Number
- Credit Score
- Eligible Loan Terms
- FHA Mortgage Programs
- FHA Streamline Refinance
- Geographic Restrictions
- Ineligible Products and Features
- Loan Amount
- Loan Transfers in FHA Connection
- Market Types
- Maximum LTV/CLTV
- Occupancy
- Qualifying Ratios
- Repair/Completion Escrows
- Temporary Interest Rate Buydowns (also known as Temporary Subsidy Buydown)
- Underwriting

#### Chase Underwriting Overlays

- Appraisal
- Down Payment Assistance Program
- Eligible Borrowers
- Insurance – Flood
- Mortgage Credit Certificates (MCCs)
- Water Sources

#### Areas of Clarity

- Income Documentation Discrepancy
- Individual Water Supply Systems (Wells)
- Reaffirmation of Debt After Chapter 7 Bankruptcy
- Revocable Trusts
- Short-term Installment Obligations

#### Chase Closed Loan Delivery Requirements

- Closed Loan Documents
- Electronic Signatures
- Escrows Waivers
- Escrow Holdback/Completion Escrows
- Mortgage Insurance Premium – Upfront MIP
- Note Seasoning
- Settlement Agent

### Introduction

While the Chase Correspondent Division does not underwrite any FHA loans on behalf of Correspondents, Chase Correspondent purchases FHA insured loans from delegated Correspondents.

To qualify for purchase by Chase, the Correspondent must be approved for government authority by the Customer Management Group and must process, close, and document the loan in accordance with all FHA and Chase eligibility requirements.

This tool is designed as a quick reference tool for Chase's FHA requirements. For underwriting purposes, this tool should be used in conjunction with all the following:

- FHA Guidelines as outlined in the HUD Handbooks,
- Ginnie Mae (GNMA) Requirements
- Mortgagee Letters,
- HUD Notices, and
- Federal Register Updates

Note: If a topic is not addressed within this tool then Chase does not have additional requirements and the Correspondent should follow the respective FHA requirements.

**Product Specifications**

**Amortization Type**

Fully Amortizing

**Chase FHA Institution ID Number**

30141

**Credit Score**

- Minimum 620 credit score (applies to all loans, including FHA Streamline Refinances)
- Each applicant must have at least one valid credit score
- Non-traditional credit is not permitted, and
  - 000 credit score is not considered valid
  - Non-traditional credit is not permitted
  - Credit reports (such as, Experian Boost, UltraFICO) based on non-traditional credit are not permitted

**Eligible Loan Terms**

Eligible Loan Terms	Years
Fixed Rate Conforming	<ul style="list-style-type: none"> <li>• 15</li> <li>• 20</li> <li>• 25</li> <li>• 30</li> </ul>
Fixed Rate High Balance	<ul style="list-style-type: none"> <li>• 20</li> <li>• 25</li> <li>• 30</li> </ul>

**FHA Mortgage Programs**

The following FHA Mortgage programs are eligible for delivery to Chase:

- 203(b) (including condominiums)
- 203(k) – Rehabilitation loans are eligible provided:
  - All rehabilitation is complete, and
  - The escrow closeout process through FHA Connection is complete
- 203(h) – Housing for Disaster Victims

**FHA Streamline Refinance**

Eligible: Follow FHA Guidelines

**Geographic Restrictions**

Property address must be in the Continental U.S., Alaska or Hawaii

**Ineligible Products/Features**

The following products and features are not eligible:

- Live Free Mortgages
- Loan with PACE, HERO, or any energy improvement (including but not limited to Solar and Wind Technology (SWT)) loans regardless of ability to subordinate
- Chase will not purchase transactions:
  - Where the Right of Rescission has been waived or reopened
  - Income derived from an activity that is deemed illegal by federal or state law (for example, income derived from a business that is legal by state law but illegal by federal law) cannot be considered
  - Properties with agricultural type land (such as orchards or ranches), including properties that are currently not commercially income producing
- For any land, building, property, structure, etc. in which there is knowledge of an illegal activity occurring past or present (based on federal or state law), regardless of whether any income or assets are being derived from the illegal activity. Property alterations cannot

be made to achieve collateral eligibility.

- HUD Section 184 Indian Home Guarantee Program
- HUD Section 184A Native Hawaiian Housing
- HUD Section 247 Hawaii Homelands Mortgage Program
- Interim Construction Financing (loans are eligible for delivery to Chase when all construction, including outstanding repairs, are complete)
- Graduated Payment Mortgages
- Loans secured by manufactured housing
- Texas 50(a)(6) or a refinance of a Texas 50(a)(6)
- Title is held in one of the following: Blind Trusts, Life Estate, Irrevocable Trusts, Realty Trust and Community Land Trusts
- Loans subject to FHA Test Case requirements

**Loan Amount**

Loan Amount	Requirement(s)
Minimum	No minimum loan amount
Maximum	<ul style="list-style-type: none"> <li>• Each county has its own individual area limit. Refer to the following HUD website to determine the appropriate area limit for the subject property: <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a></li> <li>• Maximum loan amount by county may be exceeded only by the amount of financed UFMIP</li> </ul>

**Loan Transfers in FHA Connection**

To request a loan transfer in FHA Connection on an FHA loan, submit a request containing the following information to [GLS.Team@jpmchase.com](mailto:GLS.Team@jpmchase.com)

- Correspondent Name and C-Code
- Borrower Name
- FHA Casefile ID
- Correspondent 10 digit lender ID
- 10 digit Lender ID for Lender loan is being transferred to

**Market Types**

Product	Market Type
30/25/20- Year Fixed Conforming (GNMA I – Half or whole Note rates)	105
30/25/20 Year Fixed Conforming (GNMA II- Other than half or whole note rate increments)	110
15-Year Fixed Conforming	140
30/25/20- Year Fixed High Balance	107

**Maximum LTV/CLTV**

Refer to the table below for maximum LTV/CLTV

Transaction Type	Maximum LTV1	Maximum CLTV1
Purchase	96.50% of the adjusted value	<ul style="list-style-type: none"> <li>• If Secondary financing is provided by an instrumentality of the Government or a Government Agency: The CLTV is permitted to exceed 100% but may not exceed total cost to acquire (purchase price + closing costs + prepaids)</li> <li>• If Secondary Financing is provided by any other source: The maximum CLTV is 96.50%</li> </ul>
No Cash-Out Refinance	97.75% of the adjusted value	97.75%
Cash-Out Refinance	80.00% of the adjusted value	80%
Streamline	No Maximum – Follow FHA Guidelines	No Maximum- Follow FHA Guidelines

Notes:

1. FHA LTV and CLTV limits are calculated using base loan amount and do not include UFMIP

Modifying a subordinate lien to keep it in subordinate position is not considered a new subordinate lien

**Occupancy**

Follow FHA guidelines, plus:

Borrower must occupy property as a primary residence (except principal balance only streamline refinances)

**Qualifying Ratios**

Transaction	Underwriting Method	Ratio
<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Cash-out Refinance</li> <li>• No Cash-out Refinance</li> </ul>	AUS & TOTAL Scorecard	Maximum 50% DTI
Streamline Refinance	Manually Underwritten (92900-LT)	No Max DTI
<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Cash-out Refinance</li> <li>• No Cash-out Refinance</li> <li>• Credit Qualifying Streamline Refinance</li> </ul>	Manually Underwritten (92900-LT)	Maximum 31/43

**Repair/Completion Escrows**

Repair/Completion Escrows on non-203(k) transactions are eligible. Follow FHA guidelines.

For 203(k) rehabilitation transactions, work must be completed and repair escrows must be closed out in FHA Connection prior to delivery to Chase.

Reminder, per FHA Guidelines:

- Repair Escrows are not required for:
  - Items of minor or cosmetic defects, or
  - Normal wear and tear use
- Repair items of readily observable major deficiencies and adverse conditions affecting the health and safety of the occupants of the property must be completed prior to closing.
- The Correspondent may follow FHA Mortgage Calculation guidelines when the contract specifies the borrower is responsible for the cost and completion of appraiser required repairs.

**Temporary Interest Rate Buydowns (also known as Temporary Subsidy Buydown)**

- Follow FHA guidelines, and borrower must qualify at Note rate
- Eligible Transactions
  - 30-year fixed rate
  - 3/2/1, 2/1, and 1/0 temporary buydown structures
- Ineligible Transactions
  - Borrower funded buydowns
  - The buydown agreement contains provisions contrary to the applicable FHA requirements, such as requiring or permitting the funds to be held in an account not established, owned or managed, by the mortgagee or servicer

See the Temporary Interest Rate Buydowns section of the Closed Loan Documentation Guidelines topic for additional requirements

**Underwriting**

- All FHA loans except Streamline Refinances must be submitted to the HUD TOTAL Mortgage Scorecard via DU, LPA or an FHA-approved automated underwriting system
  - A copy of the original AUS findings report must be included in the credit/closed file submitted to Chase for purchase
  - FHA TOTAL Mortgage Scorecard credit assessment is required.
- If recommendation is other than “Approve/Eligible” or “Accept,” Direct Endorsement (DE) Underwriter must underwrite entire loan and sign the credit 92900-LT approval using their individual CHUMS ID and include the credit/closed loan file delivered to Chase
- Loans must be processed and closed in accordance with HUD guidelines and additional Chase requirements as outlined in this reference tool

**Chase Underwriting Overlays**

**Appraisal**

When an appraisal or other valuation product is obtained, the Correspondent must verify the appraiser or other provider is not on the Ineligible Valuation Provider List.

Refer to the Ineligible Valuation Provider List topic for additional information

#### **Down Payment Assistance Program**

Follow FHA guidelines, plus

- Submit the completed Resale Restriction and Down Payment Assistance Program Information Form in the closed loan package.
- The program cannot contain an ineligible features listed in the Ineligible Program Features section of the Down Payment Assistance Program topic

#### **Eligible Borrowers**

Follow FHA guidelines, plus:

- Maximum number of borrowers: 4 (four)

Refer to the Examiners and External Auditors topic for information regarding lending to Examiners and External Auditors.

#### **Insurance – Flood**

Follow FHA guidelines, plus:

- Flood insurance is required for non-residential structures, used primarily for personal or household purposes, located in an SFHA having values that exceed the greater of \$25,000 or 10% of the total value of the property.
- Declarations page or application with proof of payment must be provided.
- Proof of Flood Coverage, Certificates of Flood Insurance and Binders (including but not limited to ACORD forms) are not acceptable.

Note: A general purpose structure (shed) enclosing 500 square feet or less is deemed of nominal value and does not require flood insurance.

Refer to the Guide topics below for specific requirements for each of the following, and to determine if coverage reconciliation is required:

- Insurance – Property
- Insurance – Flood

#### **Mortgage Credit Certificates (MCC)**

MCCs are not allowed for qualifying or tax credit purposes

#### **Water Sources**

Water must be potable. When available water is non-potable, Individual Residential Water Purification Systems are not eligible.

#### **Areas of Clarity**

##### **Income Documentation Discrepancy**

If a discrepancy is identified, the Correspondent must address with independent documentation. Examples: Tax Return transcript, or other sources.

Note: A customer's accountant/CPA is not considered an independent source

##### **Individual Water Supply Systems (Wells)**

The lender is required to confirm the living unit has a safe and potable water supply. In addition, the lender is required ensure the water quality meets the requirements of the health authority with jurisdiction for the property, or in the absence of jurisdictional requirements the standards set by the EPA. Refer to the Handbook 4000.1 for complete requirements.

[https://www.hud.gov/program\\_offices/housing/sfh/handbook\\_4000-1](https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1)

Note: The file must contain documentation evidencing how the above requirements were met.

##### **Reaffirmation of Debt After Chapter 7 Bankruptcy**

The following debts must be reaffirmed after Chapter 7 Bankruptcy if paying off is a condition of approval and one or more of the borrowers on the application to a new loan was a filing party to the Chapter 7 Bankruptcy from which the debt(s) being paid off were included:

- Any mortgage being refinanced on the subject property, or
- Any debt included in a prior Chapter 7 Bankruptcy

##### **Revocable Trusts**

The trustee of a revocable trust must sign the security instrument individually and as trustee of the trust.

- Refer to the Trusts topic for details

**Short-term Installment Obligations**

When Short-term Installment Plans (for example, Buy Now/Pay Later) are identified, either through disclosure by the borrower or from loan file documentation (application, credit report or bank statements), treat in a consistent manner with the existing approach applied to other more traditional short-term installment obligations

Installment debt with fewer monthly payments remaining also should be considered as a recurring monthly debt obligation if it significantly affects the borrower’s ability to meet their credit obligations.

**Chase Closed Loan Delivery Requirements**

**Closed Loan Documents**

The following forms are required, based on transaction type, when delivering a loan to Chase:

- A Funding Request Form, or an alternative compliance report
- Loan Estimate required all loans including investment
- Closing Disclosure required on all loans including investment streamline refinance. Additionally, for Rescindable transactions, the Closing Disclosure (CD) (must be signed and dated by all parties required to execute based on ownership rights due to title vesting or ownership rights afforded under state law
- W-9 Request for Taxpayer Identification Number (all loans)

**Electronic Signatures**

- Electronic signatures are allowed except as outlined below:
  - Note and Addendums to the Note
  - Security Instrument (mortgage/deed of trust) and Riders
- The following must be included in the Loan File delivered to Chase when delivering eSigned documents:
  - An attribution/audit trail document
  - An electronic Consent (eConsent) for each borrower

Refer to Electronic Signature Requirements topic for additional requirements specific to the delivery of documents with electronic signatures.

**Escrow Waivers**

Not Permitted – Taxes and insurance must be included in the monthly payment (when applicable)

**Escrow Holdback/Completion Escrows**

When the uncompleted new construction items or repairs on non-203(k) loans are completed, Correspondents must provide evidence the work has been completed and that the holdback has been closed out in FHA Connection as a post-close to follow document.

**Mortgage Insurance Premium – Upfront MIP**

Correspondents are encouraged to provide the FHA Connection Case Query Screen as it may result in faster processing times.

If the FHA Connection Case Query Screen...	THEN...
Is in the file and Chase can verify proof of payment,	the loan will continue with the funding process
Is NOT in the file,	Chase will attempt to verify proof of payment.

If Chase is unable to verify that the FHA upfront MIP has been paid and received by HUD, the loan will be placed in suspense and the Correspondent must provide proof that the upfront MIP has been paid.

**Note Seasoning**

FHA Mortgage Program	Maximum age of Note at time of Delivery to Chase	Maximum age of Note at time of Purchase by Chase
203(b)	45 Calendar Days	60 Calendar Days
203(h)		
203(k)	7 Months	7 Months

**Settlement Agent**

Correspondent must check the Ineligible Settlement Agent List on every loan

Refer to the Ineligible Settlement Agent List topic for details

