

§ 257.108

24 CFR Ch. II (4-1-12 Edition)

(c) The mortgagor has not been convicted of fraud under federal or state law during the 10-year period ending upon insurance of the H4H program mortgage;

(d) The mortgagor does not have a net worth, as of the date the mortgagor first applies for the H4H program mortgage, which exceeds \$1 million.

(e) The mortgagor meets such other requirements as HUD may adopt.

§ 257.108 Eligible properties.

(a) A mortgage may be insured under the H4H program only if the property that is to be the security for the mortgage is a one-to-four unit residence.

(b) The following property types are eligible to secure a mortgage insured under the H4H program:

(1) Detached and semi-detached dwellings;

(2) A condominium unit;

(3) A cooperative unit; or

(4) A manufactured home that is permanently affixed to realty and is treated as realty under applicable state law, except state taxation law.

§ 257.110 Underwriting.

A mortgage may be insured under the H4H program only if the following conditions are met:

(a) *Loan-to-value and income thresholds.* The loan-to-value (LTV), payment-to-income, and debt-to-income ratios of the H4H program mortgage do not exceed the thresholds set forth in either paragraph (a)(1) or (a)(2) of this section.

(1) *Program mortgage with LTV ratio of 90 percent or less.* (i) The initial principal balance of the H4H program mortgage (excluding the amount of the up-front premium) as a percentage of the current appraised value of the property does not exceed 90 percent;

(ii) The total monthly mortgage payment of the mortgagor under the H4H program mortgage does not exceed 38 percent of the mortgagor's monthly gross income; and

(iii) The sum of the total monthly mortgage payment under the H4H program mortgage and all monthly recurring expenses of the mortgagor do not exceed 43 percent of the mortgagor's monthly gross income.

(2) *Program mortgage with LTV of greater than 90 percent.* (i) The initial principal balance of the H4H program mortgage (excluding the amount of the up-front premium) as a percentage of the current appraised value of the property exceeds 90 percent (up to any limit established by HUD through Mortgagee Letter);

(ii) The total monthly mortgage payment of the mortgagor under the H4H program mortgage does not exceed 31 percent of the mortgagor's monthly gross income; and

(iii) The sum of the total monthly mortgage payment under the H4H program mortgage and all monthly recurring expenses of the mortgagor do not exceed 43 percent of the mortgagor's monthly gross income.

(b) *Past credit performance.* The mortgagor must have made at least six full payments on the existing senior mortgage being refinanced under the H4H program.

(c) The H4H program mortgage shall have a maturity of not less than 30 years and not more than 40 years from the date of origination.

(d) *Nonoccupant co-borrowers.* A mortgage loan may be insured by the FHA under the H4H program, even if one of the mortgagors on the loan (*i.e.*, a co-signer) does not reside at the residence securing the loan, provided that the nonresident mortgagor relinquishes all interests in the property that is to be security for the mortgage before an application is submitted for FHA insurance under the H4H program.

(e) *Limit on origination fees.* Mortgagees may charge and collect from mortgagors allowable closing costs.

§ 257.112 Mortgagee verifications.

(a) *Income verification.* The mortgagee shall use FHA's procedures to verify the mortgagor's income.

(b) *Mortgage fraud verification.* The mortgagor shall provide a certification to the mortgagee that the mortgagor has not been convicted under federal or state law for fraud during the 10-year period ending upon the insurance of the H4H program mortgage. This certification may be combined with the certification to FHA required under § 257.116(b)(1)(ii). The mortgagee shall take such action as HUD may specify