

**Government Overlays**

| Topic                               | Policy Overlay  | FHA | VA |
|-------------------------------------|---|-----|----|
| 4506C                               | A fully executed IRS Form 4506C must be included in all loan files. Transcripts are required for the following income types: Self-employed; rental income documented on Schedule E; employed by family; and fixed income types such as disability, Social Security, retirement, child support, alimony income documented with tax returns in lieu of alternative documentation such as bank statements. | X   | X  |
| Assets                              | Sweat Equity is not allowed   | X   | X  |
| Debt to Income                      | Debt-to-income ratio cannot equal or exceed 55% back-end ratio regardless of AUS approval.  | X   | X  |
| Credit Reports                      | FHA Streamline refinance or VA IRRRL must have acceptable mortgage rating and must pull credit from 3 different bureaus and the middle score will be used.  | X   | X  |
| Credit Score Minimum                | FHA: 580   550: Debt Consolidation Only<br>VA: 580  | X   | X  |
| Escrows                             | Escrow Waivers are not permitted  | X   | X  |
| Ineligible Programs                 | Title I Loans   | X   |    |
|                                     | 203(k)  | X   |    |
|                                     | Home Equity Conversion Mortgages (Reverse Mortgages)  |     | X  |
|                                     | Section 247 – Hawaiian Homelands  | X   |    |
|                                     | Section 248 – Indian Reservations   | X   |    |
|                                     | Section 184 – Indian Home Loan Guarantee Program  | X   |    |
|                                     | Section 223(e) – Declining Neighborhoods  | X   |    |
|                                     | FHA Negative Equity Refinance (ADP codes 821, 822, 831, 832)  | X   |    |
|                                     | Energy Efficient Mortgages  | X   | X  |
|                                     | Mortgage Credit Certificates (MCC)  | X   | X  |
|                                     | New York Consolidation, Extension and Modification Agreements (CEMA)  | X   | X  |
| Multiple Loans to the Same Borrower | Maximum of 5 loans per borrower or an aggregate loan amount total of \$4,000,000 per borrower regardless of occupancy.  | X   | X  |
| Trust                               | FHA Only: Ameritrust will only close in the name of a revocable trust with review from attorney. Attorney fee must be captured at initial disclosure.   | X   |    |
| PACE Loans                          | Not permitted. (Note: HERO loans are issued under the PACE financing program).  | X   | X  |
| Property                            | Co-operatives are ineligible.   | X   | X  |
|                                     | 3–4-unit properties are ineligible for cash-out refinances if one or more of the borrowers does not have a credit score.  | X   | X  |
|                                     | Investment properties under the HUD REO program are ineligible.   | X   |    |
|                                     | Condominium projects must be FHA-approved and listed in the HUD database: <a href="https://entp.hud.gov/idapp/html/condlook.cfm">https://entp.hud.gov/idapp/html/condlook.cfm</a><br>Condominium projects must be VA-approved and listed in the following database: <a href="https://lgy.va.gov/lgyhub/condo-report">https://lgy.va.gov/lgyhub/condo-report</a>   | X   | X  |
|                                     | Condominiums without HOA's are ineligible.  |     | X  |

