

FHA Handbook 4000.1

Condensed Reference Guide

This guide highlights key eligibility, documentation, and underwriting requirements essential for FHA-insured mortgage transactions.

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A Comprehensive Guide by The Housing Assistant



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Topic	Summary	Notes
Minimum Credit Score	580+ for 3.5% down; 500–579 requires 10% down	Lenders may have overlays
DTI Ratio	Generally 31/43 but can vary with compensating factors	Use TOTAL Scorecard for AUS
Occupancy	Must be owner-occupied primary residence	Non-occupant co-borrowers allowed on some purchases
Assets	Gift funds allowed with proper documentation	Cannot be cash on hand
Property Standards	Subject to FHA appraisal and MPS compliance	Health/safety issues must be resolved
Income Documentation	Must show stable, ongoing income for 2 years	Self-employed: 2 years tax returns
Manual Underwriting	Allowed if AUS receives Refer	Requires full compensating factor documentation
Mortgage Insurance	Upfront MIP + Monthly MIP	UFMIP: 1.75%; Monthly varies by LTV/term
Appraisal Validity	180 days	Must be FHA Roster Appraiser

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