



Announcement 2018 – 40 **revised 9/6/18**

Planet Home Lending’s FHA Program Overlay Changes

Planet Home Lending is excited to announce the beginning of the process of eliminating some of its FHA Overlays, and transitioning requirements to follow the HUD Agency guidelines entirely.

As the CORE Seller Portal is being updated to accommodate the required system changes, Planet will remove the overlays in phases as outlined below. During this process, overlays scheduled to be eliminated may still appear during the submission process. Sellers should reach out to the SSR for assistance should any issues arise.

PHASE I – The below overlays have been eliminated from Planet’s CORE System.

FHA Full Doc Overlays being eliminated immediately	New Policy
<ul style="list-style-type: none"> • Conversion of Current Residence (Borrower Vacating 2-4 Unit O/O Properties) <ul style="list-style-type: none"> – Rental income from the units rented, excluding owner occupied units the borrower is vacating may be used to qualify. • Credit Score 580-619 <ul style="list-style-type: none"> – Gift funds eligible after applicable down payment from borrower’s own funds requirement is met. Two (2) months bank statements dated prior to loan application date and signed letter attesting all funds are borrower funds are required. – Purchase transactions: Twelve-month verified housing history with 0x30 in previous 12 months is required. (Document with credit report or checks/money orders or evidence of consistent bank withdrawals). VOR, including VOR from professional management company or landlord letter, is not acceptable. – Refinance - Minimum 2-year payment history on the current loan with 0x30 in previous 24 months is required. – VA residual income requirements apply. Refer to the FHA Program guidelines in the Seller Guide for residual income requirements. – Max payment shock 100%. 50.01%-100% require double residual income. – No property flips (property re-sold ≤ 90 days from acquisition). • Manufactured Housing <ul style="list-style-type: none"> – Fixed Rate only 	<p>Planet Home Lending will follow the FHA Single Family Housing 4000.1 Handbook.</p>

FHA 203(k) Overlays being eliminated immediately.	New Policy
<ul style="list-style-type: none"> • Properties Ineligible <ul style="list-style-type: none"> – Mixed use property with 1-4 units if > 25% of the Gross Building Area (GBA) is for commercial. – REO properties. • Improvements <ul style="list-style-type: none"> – Repairs of existing swimming pool maximum \$1,500. 	<p>Planet Home Lending will follow the FHA Single Family Housing 4000.1 Handbook.</p>

Future Phase: The below overlays are being eliminated pending the CORE System updates. Although these changes have not yet been updated, they are effective immediately. Any issues with your loan can be addressed with your SSR.

FHA Full Doc Product Overlays	New Policy
<ul style="list-style-type: none"> • Credit Score Minimum <ul style="list-style-type: none"> – 1-4 units conforming loan amount and 1- unit high balance minimum 620 FICO with maximum LTV/CLTV allowed per matrix. – Minimum 660 FICO for 2-4 unit high balance transactions. • Credit Score 580-619 <ul style="list-style-type: none"> – Maximum LTV/CLTV <ul style="list-style-type: none"> ○ Credit Scores 580-599 <ul style="list-style-type: none"> ▪ Purchase transactions: 90% LTV/CLTV. ▪ Rate/term Refinance transactions: max 90% LTV/CLTV. ▪ Simple Refinance transactions: max 90%LTV/CLTV. ○ Credit Scores 600-619 <ul style="list-style-type: none"> ▪ Purchase transactions: 96.50% LTV/CLTV. ▪ Rate/term Refinance transactions: 97.75% LTV/CLTV. – 1 unit properties only (SFR, PUD, Condos) • LTV/CLTV <ul style="list-style-type: none"> – Purchase transactions, the combined loan amount of the first and second lien cannot exceed the lesser of 105% CLTV or 100% of the cost to acquire; Minimum 620 credit score required. – 96.50% LTV/CLTV may only be exceeded when using a government entity for subordinate financing. Manufactured Homes <ul style="list-style-type: none"> – No Cash-out – Minimum 640 Credit Score – Manual Underwrites are ineligible. 	<p>Planet Home Lending will follow the FHA Single Family Housing 4000.1 Handbook.</p>
<p style="text-align: center;">FHA Streamline Product Overlays</p> <ul style="list-style-type: none"> • Credit Score <ul style="list-style-type: none"> – Minimum 620 credit score for non-credit qualifying. – Minimum 580 credit score for credit qualifying (580-619 restrictions apply). • Maximum LTV/CLTV <ul style="list-style-type: none"> – Credit Qualifying: Credit score 580-619 max 90% LTV/CLTV. – Credit Qualifying: Credit score 620 max 97.75%/125% LTV/CLTV. – Non- Credit Qualifying: Credit score 620 max 90%/125% LTV/CLTV. • Occupancy <ul style="list-style-type: none"> – Investment property eligible for single family residence only. 	
<p style="text-align: center;">FHA 203(k) Standard and Limited Product Overlays</p> <ul style="list-style-type: none"> • AUS Decision <ul style="list-style-type: none"> – Manual Underwrite ineligible. • Credit Score <ul style="list-style-type: none"> – 1-4 units conforming loan amount and 1- unit high balance minimum 620 credit score with maximum LTV/CLTV allowed per matrix. – Minimum 660 credit score for 2-4 unit high balance transactions. 	

The below Planet FHA overlays will remain in place until further notice.

FHA Full Doc Product Overlays	New Policy
<ul style="list-style-type: none">• Manufactured Housing<ul style="list-style-type: none">– Ineligible properties: Singlewide, Condo, Leasehold, and properties located in a 100-year flood zone.	Follow Planet’s existing policy.
FHA 203(k) Standard and Limited Product Overlays	
Self Help: Not allowed	

All Planet Home Lending documentation will be updated to reflect these changes as applicable.

If you have any additional questions, please reach out to your Regional Sales Manager.