

FHA Loans requiring a Manual Downgrade

The following FHA Accept Risk Classifications Require a Downgrade to Manual Underwriting:

- The mortgage file contains information or documentation that cannot be entered into or evaluated by DU.
- Borrower has only one credit score.
- Additional information, not considered in the AUS recommendation, effects the overall insurability of the mortgage.
- The Borrower has \$1,000 or more collectively in Disputed Derogatory Credit accounts.
- The date of the Borrower's bankruptcy discharge as reflected on bankruptcy documents is within two years from the date of case number assignment.
- The case number assignment date is within three years of the date of the transfer of title through a foreclosure sale.
- The case number assignment date is within three years of the date of the transfer of title through a Deed-in-Lieu (DIL) of foreclosure.
- The Borrower has an undisclosed mortgage debt. (A mortgage not reporting on the original credit report)
- Business income shows a greater than 20% decline over the analysis period.
- Mortgage Payment Downgrade*: Purchase and No Cash-Out Refinance Transactions Downgraded to a Refer if any mortgage trade line reflects:
 - Most recent 12 months > 3 x 30 Three or more late payments of greater than 30 Days
 - > 1 x 60 + > 1 x 30
 - One or more late payments of 60 Days plus one or more 30-Day late payments.
 - > 1 x 90 One payment greater than 90 Days late.
- Mortgage Payment Downgrade*: Cash-Out Refinance Transactions Downgraded to a Refer if any mortgage trade line reflects:
 - Any delinquency within 12 months of the case assignment date; or
 - A current delinquency.

* A Mortgage Payment is considered delinquent if not paid within the month due. On a Modified Mortgage, utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments.