# Capstone Institute's Materials Are Current

# 2022 Updated Materials

Capstone Institute reviews and incorporates all changes made by the Dept. of HUD into their training materials.

This manual reprinted in 2022 has been continuously updated and the information contained within is accurate.

## **SECTION 1 – TABLE OF CONTENTS**

### FHA PURCHASE TRANSACTIONS - SECTION 2

Page No.	<u>Topic</u>
2-1	What Are the Advantages of Financing FHA?
2-2	FHA Maximum Loan Limits
2-4	How to Raise the FHA Mortgage Limits in Your County
2-5	Determining the Maximum Loan-to-Value
2-10	FHA Mortgage Insurance Premium (MIP)
2-13	Refunds of Up-Front MIP
2-14	FHA Loan Programs
2-16	Buydowns
2-17	Energy-Efficient Properties
2-18	FHA Loans with Second Mortgages - Secondary Financing for Purchase Transactions
2-21	FHA's "TOTAL" Mortgage Scorecard
2-24	Derogatory Credit Issues
2-33	Basic Eligibility for an FHA Loan
2-37	FHA Mortgages to United States Veterans
2-39	Is Citizenship of the U. S. Required for Eligibility?
2-40	Maximum Interested Party Contributions
2-42	Financing Repairs Into the Loan
2-44	Processing an FHA Purchase - Loan Originator's Responsibilities
2-46	Reviewing the FHA Sales Contract

## FHA PURCHASE TRANSACTIONS - SECTION 2 (Cont'd)

Page No.	<u>Topic</u>
2-47	FHA Exhibit to Agreement
2-48	Preparing the Loan Estimate
2-49	Explanation of Certain Settlement Costs on the Loan Estimate
2-52	Sample Fees Worksheet – Borrower Pays All Settlement Costs
2-53	Review the Loan Estimate with the Borrowers
2-54	Sample Fees Worksheet - Price Increased & Seller Pays \$3,000
2-56	Determining Qualifying Ratios - Adequacy of Effective Income
2-57	Documenting Acceptable Compensating Factors (Manual)
2-61	Evaluating Liabilities and Debts
2-70	FHA Pre-Qualification Worksheet
2-71	Completing the FHA Loan Application
2-71	Loan Application - I. Type of Mortgage, and II. Property Information and Purpose of Loan
2-73	Land Contracts
2-74	Sources of Down Payment and Settlement Charges
2-82	III. Borrower Information
2-82	Non-Occupying Co-Borrowers, Co-Signers, and Non-Purchasing Spouses
2-84	Living Trusts, Borrower's Age & Military Personnel
2-85	IV. Employment Information
2-87	V. Monthly Income and Combined Housing Expense Information
2-101	Relationship to Proposed vs. Current Housing Expense

## FHA PURCHASE TRANSACTIONS - SECTION 2 (Cont'd)

Page No.	<b>Topic</b>
2-103	VI. Assets & Liabilities
2-104	FHA Guidelines for Rental Properties
2-111	VII. Details of Transaction
2-111	VIII. Declarations
2-112	Tips to Remember After Completing the Application
2-113	Alternative Documentation Processing
2-114	FHA Loan Application Checklist
2-115	Form HUD-92900-A "HUD/VA Addendum to URLA"
2-118	"Informed Consumer Choice Disclosure Notice"
2-121	"Important Notice to Homebuyers"
2-123	Notice to Homeowner - Assumption of HUD/FHA Insured Mortgages
	Release of Personal Liability
2-124	Importance of Home Inspections
2-125	"For Your Protection Get a Home Inspection"
2-126	Lead-Based Paint Disclosure
2-128	Borrower's Blanket Signature Authorization
2-129	Alternative Documentation Checklist
2-130	Gift Letter Affidavit
2-131	Loan Processor's Responsibilities
2-133	Documentation Requirements

## FHA PURCHASE TRANSACTIONS - SECTION 2 (Cont'd)

Page No.	<b>Topic</b>
2-136	Ordering a Case Number
2-137	Home Mortgage ADP Code Chart
2-140	Social Security Number Validation
2-142	HUD's Credit Alert Interactive Voice Response System (CAIVRS)
2-143	Limited Denial of Participation (LDP) List & GSA List
2-144	FHA Connection Computer Screens
2-151	Sample Case Number Assignment Sheet
2-152	Credit Report Requirements
2-157	Ordering the FHA Appraisal
2-162	Restrictions on Property Flipping
2-164	Request for Appraisal Form
2-165	Reviewing the FHA Appraisal
2-166	Sample FHA Appraisal
2-169	Conditional Commitment
2-174	Working Up the Loan for Submission
2-175	Preparing the FHA Loan Underwriting and Transmittal Summary
2-178	Completing the HUD/VA Addendum to the URLA - Form HUD-92900-A
2-183	Submission Checklist of Loan Documents
2-184	HUD Case Binder
2-186	HUD Uniform Case Binder Stacking Order

#### **FHA REFINANCE TRANSACTIONS - SECTION 3**

Page No.	<b>Topic</b>
3-1	Overview & Types of Refinances
3-2	General Eligibility
3-4	Cash-Out Refinances
3-6	Cash-Out Refinance Case Study
3-7	FHA Refinance Worksheet for a Cash-Out Refinance
3-9	Checklist of Documents Needed for FHA Refinance Transactions
3-10	Cash-Out/No Cash-Out Refinance Transactions - Loan Processor's Responsibilities
3-12	Payoff Statement
3-14	FHA Refinance Maximum Mortgage Worksheet
3-21	No Cash-Out Refinances - A. Rate and Term
3-25	Rate and Term No Cash-Out Case Study
3-26	FHA Refinance Worksheet for a No Cash-Out Refinance
3-28	Payoff Statement
3-30	FHA Refinance Maximum Mortgage Worksheet
3-32	FHA Loan Underwriting and Transmittal Summary
3-37	No Cash-Out Refinances - B. Simple Refinance
3-40	No Cash-Out Refinances - C. Streamline Refinances
3-47	Streamline Refinance Case Study
3-48	Calculating Refunds of FHA Up-Front MIP
3-50	FHA Refinance Worksheet for a Streamline
3-52	FHA Streamline - Loan Processor's Responsibilities

#### **FHA REFINANCE TRANSACTIONS - SECTION 3**

Page No.	<b>Topic</b>
3-54	Obtaining Case Numbers & Refinance Authorization Numbers
3-57	Reviewing the Payoff Statement
3-59	Maximum Mortgage Worksheet
3-61	FHA Transmittal Summary
3-66	Net Tangible Benefit
3-67	Refinance of Borrowers in Negative Equity Positions (Short Refi)
EIIA DDOI	DEDTY CONCIDED ATIONS SECTION A

#### FHA PROPERTY CONSIDERATIONS - SECTION 4

4-1	Property Considerations
4-2	FHA Requirements for Individual Wells and Septic Tanks
4-7	FHA Repair and Inspection Requirements for Existing Properties
4-9	Construction-Permanent Loan Program
4-13	Energy-Efficient Mortgage Program
4-17	203(k) Rehabilitation Loan Program
4-18	Building on Own Land
4-20	Acceptable Communities
4-21	Obtaining FHA Condominium Approval
4-23	Condominium Project Approval Matrix
4-24	Lender Certification to Condominium Requirements
4-25	Requirements for Builders Offering FHA Financing
4-26	Acceptable FHA New Construction Properties

#### FHA PROPERTY CONSIDERATIONS - SECTION 4

Page No.	<b>Topic</b>
4-27	Preparing the Builder Certification Form
4-32	Plans & Specs Provided by the Builder
4-33	New Construction Review Sheet
4-34	"Early Start Letters"
4-37	Ordering the Case Number for New Construction Properties
4-38	Compliance Inspection Report and Change Orders
4-39	Compliance Inspection Report
4-40	Request for Acceptance of Changes in Approved Drawings and Specifications
4-41	Homeowner's Warranty Certification
4-42	Documents That Must be Signed or Provided by the Builder Prior to or At Closing
4-44	Warranty of Completion of Construction, Form HUD-92544
4-45	Subterranean Termite Treatment Builder's Certification and Guarantee
4-46	New Construction Subterranean Termite Soil Treatment Record