



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**Date:** September 3, 2010  
**To:** All Approved Mortgagees  
**Mortgagee Letter 10-29**

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**Subject** Minimum Credit Scores and Loan-to-Value Ratios

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**Purpose** This Mortgagee Letter introduces new minimum credit scores and loan-to-value (LTV) ratio requirements for FHA-insured loans.

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**Effective Date** This guidance is effective for case numbers assigned on or after October 4, 2010.

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**Affected Topics** The topic summarized on the next page was created as a result of these changes in guidance. Below is a list of the blocks affected and the changes will be integrated into the FHA Single Family On-Line Handbooks shortly.

<b>HUD 4155.1, Mortgage Credit Analysis for Mortgage Insurance</b>
2.A.1.d, LTV Limits
3.A.1.b, Maximum Percentage of Financing (refinance transactions)
4.A.1.c, Determination of Credit Worthiness and Minimum Credit Score
6.A.6.d, Amount of Financing for Eligible Borrowers (203(h), Disaster Victims)
<b>HUD 4155.2, Lender's Guide to the Single Family Mortgage Insurance Process</b>
1.C.2.d, Section 203(b) Maximum LTV Ratios
1.C.3.c, Section 203(h) Maximum Insurable Mortgage/LTV Ratio
3.A.1.f, Maximum LTV Ratios



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### Mortgagee Letter 10-29, Continued

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#### Summary – FHA Guidance on Minimum Credit Scores and LTV Requirements

In accordance with the final Federal Register Notice [FR-5404-N-02] on minimum decision credit scores and LTV ratios for FHA-insured single family mortgages, the new requirements are

- Borrowers with a minimum decision credit score at or above 580 are eligible for maximum financing.
- Borrowers with a minimum decision credit score between 500 and 579 are limited to 90 percent LTV.
- Borrowers with a minimum decision credit score of less than 500 are not eligible for FHA-insured mortgage financing.
- Borrowers with a non-traditional credit history or insufficient credit are eligible for maximum financing but must meet the underwriting guidance in HUD 4155.1 4.C.3.
- Borrowers using 203(h), Mortgage Insurance for Disaster Victims, are eligible for 100 percent financing and no downpayment is required, provided that the borrowers have a minimum credit score of 500 (borrowers with decision credit scores below 500 are not eligible for FHA financing).

These new requirements are applicable to all Single Family programs *except* Title I, Home Equity Conversion Mortgages; HOPE for Homeowners; Section 247; Section 248; Section 223(e) and Section 238.

**Note:** For temporary **minimum credit scores** and LTV requirements for **refinancing** conventional mortgages in a **negative equity** position, see Mortgagee Letter 2010-23.

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#### Questions

Please address any questions about the topics addressed in this Mortgagee Letter to the FHA Call Center at 1-800-CALLFHA.

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#### Signature

David H. Stevens  
Assistant Secretary for Housing-Federal Housing Commissioner

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