

.02 RESERVES

Follow AUS findings to determine reserve requirements. For manually underwritten loans on conventional, VA and RD, the borrower must have a minimum of two months' payments in reserves on a single-family residence (not required on Type II manufactured home loans). This requirement is waived when the down payment is 20% or more.

For duplex, triplex or fourplex loans and Rural Non-Owner Occupied loans, the borrower must have remaining reserves after closing (typically six months PITI or follow AUS findings, whichever is least restrictive) that could be used to supplement payments during vacancies and to make regular and emergency repairs to the property as necessary. With the exception of Rural Non-Owner occupied loans, gift funds are acceptable for these reserves. Certain retirement accounts, adjusted for any early withdrawal penalties, are also acceptable for these reserves.

On FHA and HUD loans, follow the applicable agency criteria.