



## WHOLESALE ANNOUNCEMENT 2019-04

February 01, 2019

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### Conventional Guidelines Changes:

**Freddie Mac Guidelines Changes effective immediately:**

#### **1.05.07 Rental Income**

- The Borrower must own a Primary Residence to use rental income to qualify when purchasing a new rental property; and
- Whether purchasing a new rental property or converting a Primary Residence to a rental property, if the Borrower does not have a minimum of one-year investment property management experience:
  - The rental income can only offset the principal, interest, taxes and insurance (PITI) of the rental property; and
  - Rental income exceeding the PITI cannot be added to the Borrower's gross monthly income to qualify.
- Rental income calculations now align with Fannie Mae calculations.
- Only the most recent one year of tax returns will be required.

#### **1.09.05.09 Condominiums**

- Established condo conveyance has changed from 90% to 75% conveyed for projects with greater than 4 units.
- New condo conveyance has changed from less than 90% to less than 75% conveyed for projects with greater than 4 units.
- Single entity ownership has changed from 10% to 25%.
- 2-4 unit projects do not require project review.
- Streamlined N/O/O allowed to 75% LTV except Florida. Max LTV is 70% in Florida.

02/01/2019



## VA Guideline Changes:

FCM is aligning with VA's recent changes. These changes are effective with all applications taken on or after February 15, 2019:

### 1.09.02 Cash Out / Regular Refinances

#### 1.09.02.01 Types of Cash Out Loans

##### *Type I Cash Out Refinance*

A refinancing loan in which the loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced.

##### *Type II Cash Out Refinance*

A refinancing loan in which the loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced.

#### 1.09.02.02 All Cash Out Refinances must meet the following requirements:

- (1) *Loan-to-value (LTV).* (Max LTV 100% and includes the VA funding fee)
- (2) *Changes to the Net Tangible Benefits*
- (3) *Loan seasoning requirement changes*
- (4) *Fee recoupment requirements*
- (5) *Comparison disclosure requirements*

***PLEASE be sure to read the Cash Out refinance section in its entirety. Several changes/updates have been made to align with new VA requirements.***



## Jumbo Guideline updates:

### **Select QM & Select Non-QM**

- Maximum loan amount for second home cash-out refinance from \$1,000,000 at 60% LTV to \$1,500,000.
- Minimum loan amount from \$453,101 to \$484,351 for 1-unit properties with LTVs 80% or below.

### **Select QM, Select Non-QM, Choice QM & Choice Non-QM**

- For divorces on or after 01/01/2019, alimony payments paid by the borrower must be treated as a liability. Borrowers with a divorce prior to this date may have alimony deducted from their income rather than treated as a liability.
- Tax transcripts (personal and business) may now be allowed in lieu of a signature on the corresponding tax return.

## New Mortgagee Clause:

First Community Mortgage, Inc. ISAOA/ATIMA

262 Robert Rose Drive, Ste. 200

Murfreesboro, TN 37129

Reference Loan #

02/01/2019