



CORRESPONDENT ANNOUNCEMENT 2021-16

July 16, 2021

Jumbo Choice/Select QM Guideline Updates

first community mortgage

Non-Conforming Choice QM and Select QM Guidelines have been updated with the changes below:

Eligibility Matrix- Choice/Select QM:

- Maximum cash-out for all allowable cash-out transactions revised from \$250,000 to \$500,000

Eligibility Matrix- Choice QM:

- Primary Residence/Second Home cash-out: Credit score reduced from 700 to 680
- Investment purchase, Rate/Term refinance: Credit score reduced from 700 to 680
- Investment cash-out refinance: Credit score reduced from 720 to 700

Eligibility Matrix- Select QM:

- Increased max loan amount to \$2,500,000
- Investment Property: Credit score reduced from 760 to 740
- Primary Residence Rate/Term refinance $\leq 60\%$ LTV: Credit score reduced from 700 to 680
- Cash-Out program max of \$750,000 available
 - 50% LTV required for $> \$500,000$ cash-out
- Investment cash-out option added
- Primary/Second home cash-out: Expanded LTV/CLTV/HCLTV and loan amounts

Underwriting Guidelines- Choice/Select QM:

- Assets: Reduced asset reserves to align with increased loan amounts
- Assets: Publicly traded stocks/bonds/mutual funds: Revised % eligible for calculation of funds from 70% to 100%
- Income/Employment:
 - Revised VVOE requirement from 5 days to 10 days prior to note
 - Revised self-employed VVOE/Verification of Existence from 5 calendar days prior to note date to no more than 30 calendar days
 - Revised language regarding self-employment income statements
 - Restricted Stock/Stock Options: Increased RSU income from 25% to 35% of qualifying income
 - Updated 4506-T to 4506-C
- Appraisal Requirements
 - Added the recertification of value for aged appraisal using appraisal update (form 1004D), for appraisals aged 120-180 days from Note date
 - Removed: Appraisal must be dated no more than 120 days from note date

For additional details, please review the updated Guidelines posted on FCM's Correspondent Knowledge Center

Please contact your Account Executive or Client Manager with any questions