



WHOLESALE ANNOUNCEMENT 2021-19

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 Wholesale Knowledge Center