



first community mortgage

# CORRESPONDENT ANNOUNCEMENT 2021-23

November 1, 2021

## Jumbo Express Guideline Updates

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### Effective Date

New locks on or after November 1, 2021

### Guideline Updates:

#### **Matrix**

- Matrix changes to reflect updated loan amounts

#### **Underwriting**

- DU Approve/LPA Accept Ineligible OR DU Approve/LPA Accept Eligible
- Ineligible for Loan Amount Only or max LTV cash-out refinances

#### **Eligible Borrowers-First-Time Homebuyers**

- First Time Homebuyers
  - A first-time homebuyer is defined as a borrower who has not had ownership interest in a property within the last three (3) years from the application date.
    - Owner-occupied only
    - Maximum loan amount \$2,000,000

#### **Debt-To-Income Ratio (DTI)**

- 43% / self-employed 35%

#### **Purchase Transactions**

- If Seller has taken title to the subject property 90 days prior to the date of the sales contract, the following requirements apply:
  - Property seller on the purchase contract is the owner of record
  - Combined LTV will be based on the lesser of the prior sales price or the current appraised value

#### **Refinance Transactions**

- Cash-out Refinance Requirements
  - Texas 50(a)(6) refinances are ineligible
  - Max cash-out \$300,000

#### **Credit Documentation Requirements**

- Credit Tradelines/Score
  - Credit rescues are not permitted unless the rescore is correcting erroneous line items or disputed accounts.
- Mortgage/Rental History



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- Borrowers with no mortgage/rental history due to a residence scenario requiring no mortgage or rental payments are eligible with a satisfactory letter of explanation.

### Income Documentation Requirements

- Verbal VOE
- The VOE(s) documenting prior employment, not including the current employer, must be dated prior to closing, but are NOT required to be dated within ten (10) calendar days.

### Assets & Source of Funds

- Cash Reserves
  - Primary Residence- Purchase/Rate-Term Refinance = 12 months
  - Primary Residence- Cash-Out Refinance = 18 months
  - Second Home- Purchase/Rate-term Refinance/Cash-Out Refinance = 18 months
  - Non-Owner Occupied- The greater of the AUS reserve requirements or below requirements:
    - Loan Amount  $\leq$  \$1,000,000 = follow AUS requirements
    - Loan Amount  $>$  \$1,000,000 and  $\leq$  \$2,000,000 = 3 months PITI reserves
    - Loan Amount  $>$  \$2,000,000 and  $\leq$  \$2,500,000 = 12 months PITI reserves
    - Loan Amount  $>$  \$2,500,000 and  $\leq$  \$3,000,000 = 18 months PITI reserves
    - Cash- Out Refinance: Loan Amount  $>$  \$2,000,000 and  $\leq$  \$2,500,000 = 18 months PITI reserves
  - Equity lines of credit, gift funds, **business assets** and cash out from the subject property on refinance transactions are not acceptable sources to meet the reserve requirement

### Appraisal Requirements

- Two (2) full appraisals are required for loan amounts  $>$  \$1,500,000. LTV/CLTV will be based on the lower of the two values. All inconsistencies between the two appraisals must be addressed and reconciled

**Please contact your Account Executive or Client Manager with questions**