



first community mortgage



WHOLESALE ANNOUNCEMENT 2022-6

January 20, 2022

Summit/Peak Jumbo Guideline Updates

Effective Date

Effective immediately for all new loans and all loans currently in the pipeline

Guideline Updates:

Credit

1 Month/Open Accounts

- Open 30-day charge accounts require the balance to be paid in full every month. For open 30-day charge accounts that do not reflect a monthly payment on the credit report, or 30-day accounts that reflect a monthly payment that is identical to the account balance, lenders must verify borrower funds to cover the account balance. The verified funds must be in addition to any funds required for closing costs and reserves.
- If the borrower paid off the account balance prior to closing, the lender may provide proof of payoff in lieu of verifying funds to cover the account balance.

Stock Option, Restricted Stock and Restricted Stock Units

RSU income is only allowed for stable/increasing stocks. Stocks that are decreasing over the prior 1-year period are ineligible.

- If at least a 2-year history of stock award can be documented with the same/current employer, the following documentation is required:
 - Documentation to verify a 2-year history of receiving (year-end paystubs, VOE, W2, etc.) If using W2, it must specify the amount of RSU income.
 - Evidence the stock is publicly traded.
 - Vesting schedule(s) currently in effect detailing past and future vesting.
- Continuance is not required to be documented; all documentation should be reviewed to ensure no evidence exists that the income will not continue. If any such evidence exists, the income is not eligible.
- If less than a 2-year history, but more than a 12-month history with the same/current employer of stock award can be documented, the following documentation is required:
 - Documentation to verify a 12-month history of receiving (year-end paystubs, VOE, W2, etc.). If using W2, it must specify the amount of RSU income.
 - Evidence the stock is publicly traded.
 - Documentation verifying the 52-week average stock price for the specific stock.
 - Loan file must include documentation showing the date obtained and verifying the current stock price and 52-week stock price range.
 - Vesting schedule(s) currently in effect detailing past and future vesting to confirm a 3-year continuance of the stock income.
 - Verify the income will continue for at least the next 3 years based on the vesting schedule.
 - See guidelines for calculation examples.
- Technology Company Employee RSU Bonus Option-Offer Letter Calculation Method is eligible only for newly hired Technology Employees (i.e. Amazon, Microsoft, Apple, and Intel) when the offer letter/compensation



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package verifies the future RSU income will replace the sign on bonus income at a comparable amount. Loan file/Income calculations must include the Underwriter's justification on determining the acceptable use of sign on bonus income.

- Requirements- primary residences only, fixed rate and ARMs, DTIs up to 50%, LTVs <80% and Purchase/Rate & Term Refinances only-**excludes** cash-out refinances.
- Documentation required- complete Offer Letter/Compensation package, fully completed VOE, most recent 2 years W2s and lender to complete a VVOE within 10 days of closing.
- See full guidelines for calculation examples.

Income and Assets

Use of IRS Form 4506-C to Validate Borrower Income Documentation

FCM will require executed 4506-C's to be included in each loan file whose income (regardless of income source) is used to qualify for the loan. For jointly filed returns, at least one signature is required to execute the 4506-C.

Age of Federal Tax Returns Documentation-new guideline has been added

- The "most recent year's" tax return is defined as the last return scheduled to have been filed with the IRS.
- The loan file must always include the last tax return filed by the borrower and the minimum number of years of tax returns required by B3-3.5-01, Income and Employment Documentation for DU
- Exceptions, for business tax returns, if the borrower's business uses a fiscal year (a year ending on the last day of any month except December).
- For loans with income validated by DU, lenders may rely on the age of transcript methodology provided by the service.
- See full guidelines for the Tax Return charts.

Salaried Income

Salaried Income section has been revised to refer to the DU Findings for specific documentation requirements

Eligibility/Requirements

Permanent Resident Alien

- Documentation provided for residency must be recent when used to verify the borrower is still legally present within the United States. If the borrower has a pending application for the extension of residency or legal presence, it should be dated within six months of the loan application.
- Permanent Residents must provide either an unexpired Permanent Resident Card or, an expired Permanent Resident Card and current passport with an I-551 stamp showing an unexpired date.
- Conditional Permanent Residents (e.g. spouse of US Citizen) must provide:
 - Evidence of unexpired conditional Permanent Resident card



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- If the conditional Permanent Residence status has expired and the borrower did not file to remove the conditional status during the 90-day period, obtain Form 1-751 (Permanent Residence Based on Marriage) or Form I-829 (Permanent Residence for Entrepreneurs/Investors) and evidence from USCIS that the borrower had a good cause for failing to petition on time in addition to evidence for petition to remove conditional status.

Military Service Members

Added to the table in the Primary Residence section of Occupancy

- A military service member borrower currently on active duty and temporarily absent from their principal residence because of military service is considered to be an owner occupant. Lenders must verify the borrower's temporary absence from the subject property by obtaining a copy of the borrower's military orders.
- The military order must evidence the borrower will be absent from the subject property as of the date the owner occupancy must be established as required by the security instrument.
- Loans that meet these requirements must be delivered with Special Feature Code 754.

Matrix

Second Homes

Second Home Purchases and Limited Refinances are now available to 80% LTV for 1-unit, Condo and PUD properties for both Summit and Peak.