



# WHOLESALE ANNOUNCEMENT 2022-14

April 6, 2022

## Non-Conforming Jumbo Direct/Traditional Guideline Updates

### Effective Date

Effective with locks on or after March 28, 2022.

### Guideline Updates:

#### **Direct:**

##### **COVID-19 Related**

- All proceeds from subject transaction must be used to pay off consumer debt, lowering the borrower's overall monthly obligations.
- The overlay for Income from Furloughed Borrowers, not eligible for qualifying income has been removed.

##### **Credit-Housing Payment History**

- As of the application date, at least one of the borrowers must have a fully document, recent, consecutive, 12/24-months primary housing history. Must be documented with 59 days of the Closing Date.
- Living Rent Free includes situations where the borrower may have received a rent holiday, payments have lapsed due to divorce/separation, or other instances where the most recent 12/24-month housing history is not consecutive or complete.
- Owned Free and Clear  $\geq$  12 months: No additional documentation is required.
- Owned Free and Clear  $<$  12 months: Verify timely payment of mortgages, taxes, insurance, and HOAs, as applicable, for the previous 12 months. When the property has been owned free and clear  $<$  12 months, additional housing history documentation is required to verify a complete a full 12-month history.

##### **Loan Purpose-Refinance Transactions**

- As of the application date, the borrower(s) must be a member of the LLC or beneficiary of the trust. Title to the subject property must be transferred into the Borrower's name prior to or at closing.
- The title to the subject property may be in the name of a Limited Liability Company (LLC) or an acceptable trust. As of the application date, the borrower(s) must be a member of the LLC or beneficiary of the trust. Title to the subject property must be transferred into the Borrower's name prior to or at closing.

##### **Loan Purpose-Rate and Term Refinance Transactions**

- The refinance Mortgage is considered to be a Cash-Out Refinance if the mortgage being refinanced was a Cash-Out Refinance within the last 6 months, measured from Note Date to the Application Date.

##### **Loan Purpose-Cash-Out Refinance Transactions**

- For all Cash-Out Refinance transactions the maximum cash-out allowed is \$500,000. This includes the payoff of consumer debt and certain subordinate debt and is not limited to "cash-in-hand."
- All Borrowers must have held title to subject property for a minimum of 6 months. This includes where borrowers held title individually, as an eligible Inter Vivos Revocable "Living" trust, or an LLC. As of the application date, the borrower(s) must be a member of the LLC or beneficiary of the trust.



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## Non-Conforming Jumbo Direct/Traditional Guideline Updates

### Traditional:

#### Borrower Eligibility

- (Non-Occupant Co-Borrowers) The Primary (occupant) borrower's credit profile will be used for credit grade determination underwriting and determining the Qualifying Credit Score.

#### COVID-19 Related

- All proceeds from subject transaction must be used to pay off consumer debt, lowering the borrower's overall monthly obligations.
- The overlay for Income from Furloughed Borrowers, not eligible for qualifying income has been removed.

#### Credit-Housing Payment History

- As of the application date, at least one of the borrowers must have a fully document, recent, consecutive, 12/24-months primary housing history. Must be documented with 59 days of the Closing Date.
- Living Rent Free includes situations where the borrower may have received a rent holiday, payments have lapsed due to divorce/separation, or other instances where the most recent 12/24-month housing history is not consecutive or complete.

#### Credit-Significant Derogatory Credit Events

- Borrowers with Multiple Significant Derogatory Credit Events are not eligible under this program: are ineligible with the following exceptions:
  - Derogatory events greater than 7 years from Note date
  - When a Chapter 13 bankruptcy rolls into a Chapter 7 bankruptcy

#### Loan Purpose-Refinance Transactions

- As of the application date, the borrower(s) must be a member of the LLC or beneficiary of the trust. Title to the subject property must be transferred into the Borrower's name prior to or at closing.
- The title to the subject property may be in the name of a Limited Liability Company (LLC) or an acceptable trust. As of the application date, the borrower(s) must be a member of the LLC or beneficiary of the trust. Title to the subject property must be transferred into the Borrower's name prior to or at closing.
- Cash back limit is the lesser of 2% of the loan amount or \$5,000

#### Loan Purpose-Rate and Term Refinance Transactions

- The refinance Mortgage is considered to be a Cash-Out Refinance if the mortgage being refinanced was a Cash-Out Refinance within the last 6 months, measured from Note Date to the Application Date.

#### Loan Purpose-Cash-Out Refinance Transactions

- For all Cash-Out Refinance transactions the maximum cash-out allowed is \$500,000. This includes the payoff of consumer debt and certain subordinate debt and is not limited to "cash-in-hand."
- All Borrowers must have held title to subject property for a minimum of 6 months. This includes where



first community mortgage



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- borrowers held title individually, as an eligible Inter Vivos Revocable “Living” trust, or an LLC. As of the application date, the borrower(s) must be a member of the LLC or beneficiary of the trust.
- The refinance Mortgage is considered to be a Cash-Out Refinance if cash back exceeds the lesser of 2% of the loan amount or \$5,000.

### Loan Purpose-Delayed Financing Exception

- Borrowers who purchased the subject property with cash or unsecured financing within the past six months (measured from the Closing Acquisition Date to the Disbursement Application Date of the new mortgage loan) are eligible for a Rate & Term refinance subject to program requirements

To view the full Guidelines, visit the Wholesale Knowledge Center. Updated Guidelines have been posted, [Direct](#) and [Traditional](#)

Should you have any questions, please reach out to your  
Account Executive or Client Manager