



WHOLESALE ANNOUNCEMENT 2023-52

October 18, 2023

Prime Jumbo Guideline Updates

Effective Date

Effective immediately

Guideline Updates:

Credit

- Student loan policy was amended and clarified. The monthly payment is required to be included in the debt-to-income ratio (DTI) unless the borrower has 10 months (or fewer) payments remaining.

Income-Departure Property

- Requirements have been updated for rental income from current principal residence that is being converted to an investment property. Based on the amount of equity documented and verified, the two options available now are as follows (*italicized text reflects the updates*):
 - If 25% or more equity is in the departure property: *75% of the rental income can be used to calculate rental income*. Refer to Rental Income/Calculating Rental Income on Non-Subject Property for complete information, and the following must be obtained:
 - A copy of the fully executed lease agreement; and
 - Twelve months of PITIA for the departure property is required *in addition to the reserves required for the transaction, and*
 - *If the borrower does not have a 2-year history of managing an investment property, a minimum 760 FICO is required*
 - If less than 25% equity in the departure property: *Rental income may not be used to qualify*:
 - Both the current and the proposed mortgage payments must be used to qualify the borrower for the new transaction; and
 - 6 months of PITIA for the departure property *in addition to the reserves required for the transaction*

Income-Trust

- Funds used from a trust for down payment, closing costs, or reserves must be subtracted from the total funds available to determine if the income meets the requirements
- Documentation requirements have been updated based on whether the trust payments are fixed or variable. See guidelines for full details

To view the full guidelines, go to FCM's [Wholesale Knowledge Center](#)

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