

Thursday, December 19, 2019

Bulletin #2019-AC-033

NOTICE TO ALL CUSTOMERS

Jumbo Products Credit Policy Updates

Check out the policy updates in our Jumbo Products – All effective January 2, 2020

Preferred

- The Index will be the 1 Year Constant Maturity (CMT)
- A new Margin of 2.875% will be required
- Reduced the minimum credit score from 740 to 720 on Primary Residences with loan amounts > \$1MM up to \$3MM+
- An Appraisal Update (Form 1004D) is now allowed for appraisals that are over 120 days aged but less than 180 days from Note date
- Added properties with an outstanding PACE lien to the ineligible property types
- Borrower must have 100% ownership if sole proprietor business, or if Partnership, the percentage of ownership must be validated and confirm that he/she has 100% access to the funds. If a Corporation Enterprise, confirm if Borrower has 100% ownership or validate the percentage of ownership as appropriate. Validation that the borrower has 100% access to the funds is required.

Premier

- Effective with loans “locked” on or after January 2, 2020, the minimum loan amount is \$1 above the new 2020 conforming/agency high balance loan limits for the area set by the FHFA.
- Increased the maximum cash out proceeds available from \$250,000 to \$500,000 on all occupancy types
- Current distribution from an IRA/401(k) or similar retirement asset must have been set up at least six (6) months prior to the date of the note of the new loan if there is no prior history of receipt.
- A satisfactory explanation letter from the borrower(s) must be provided for any mortgage lates within the most recent twenty-four (24) months or on rental lates within the most recent twelve (12) months.
- Added additional clarification for borrowers who are on a payment plan with the IRS for the most recent tax year:
 - Payment plan is only allowed for taxes due for most recent tax year, prior years not allowed.
- Use of business assets for down payment, closing costs and reserves when the borrower is < 100% owner of the business is acceptable provided that:
 - Borrower(s) must have majority ownership of 51% or greater.
 - The other owners of the business must provide an access letter to the business funds.
 - The Borrower(s) percentage of ownership must be applied to the balance of business funds for use by borrower(s).
- The borrower may own an unlimited number of financed 1-4 unit residential properties when the subject transaction is a primary residence

Select

- Effective with loans “locked” on or after January 2, 2020, the minimum loan amount is \$510,401 for 1 unit properties and \$1 above the conforming loan limits for properties with 2-4 units regardless of the LTV.
- Increased the maximum cash out proceeds available from \$250,000 to \$500,000 on all occupancy types
- Current distribution from an IRA/401(k) or similar retirement asset must have been set up at least six (6) months prior to the date of the note of the new loan if there is no prior history of receipt.
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The Product Guidelines will be updated in the next few days, in the meantime, use the policy in this bulletin. Updated guides will be posted on the FLCB website at www.flcbmtg.com. Changes will be noted in blue font for easy reference.