

## **PRODUCT CHEAT SHEET-CA**

### **FHA**

\$729,750 max loan amount in Orange County. If doing a loan in another county you can check max loan amount on the following link:  
<https://entp.hud.gov/idapp/html/hicostlook.cfm>

Primary residence only

Non-occupant co-borrowers are allowed. Borrowers to qualify at combined income and assets for standard FHA guidelines.

Parents can be non-occupying co-buyers for children. Children do not need to show income if student. Some exceptions allowed if not students.

3.5% Down payment required

6% Max Seller Contribution

90 days Anti- Flipping Rule enforced (Contract must be dated at least 91 days from date property was acquired)

600 Minimum credit score for streamline refinances and rate/ term refinances. Cash-out refinances and 203k loans require a 620 minimum score.

DTI- 31 / 43 We can go up to a back ratio of 55.9% and get DU approval on solid loans. Front Ratio will play a factor. We can generally manually underwrite up to 50% DTI if file has compensating factors/explanation letters.

If borrowers vacating home to buy a new home, must qualify with both payments and can't use rental income from house they are vacating. Exceptions for this are if borrowers are getting relocated by current employer or they have 25% equity in property they are vacating.

If borrower is married we must pull the spouses' credit report. Disclaiming spouse does not have to be credit worthy but we must count their debts against our borrower without using the disclaiming spouses' income.

For streamline refinances we do need to pull a Mortgage Only credit report w/ credit scores. Again, must have a minimum credit score of 600.

Cash-out refinances are at a max 85% LTV (If sold to B of A we will need a 2<sup>nd</sup> appraisal)

No holdbacks allowed

Typically can only have one financed FHA loan at a time. Exception for relocation and equity in property they are vacating. Must have explanation why buying another house (change in family size, closer to work, upgrade in type of property, etc)

Condos- Must be FHA approved project. New construction must have 2/10 Home Warranty and compliance inspection must be done by FHA approved inspector (not an appraiser). If the Certificate of Occupancy is dated 12 months or more from our closing date we do not need the 2/10 Home Warranty. There are additional investor overlays that can apply to these. ( pre-sale #'s.) Please make sure to check with u/w.

Borrowers with no credit score not eligible at this time.

Always need letter of explanation for all derogatory items on the credit report.

## **VA Loans**

\$417,000 max loan amount

Primary residence only

0 down payment required

4% seller contribution

- Seller concessions include the funding fee, prepayment of borrowers taxes and insurance, gifts such as TV or microwave, payment for extra points to provide permanent interest rate buydowns, escrowed money for temporary buydowns and payoff of credit balances or judgments on behalf of buyer.
- Seller concessions do not include payment of borrowers closing cost.

First time users Funding Fee is 2.15% (can vary by type of service and down payment). 3.3% for 2<sup>nd</sup> and every use after that. Funding fee is 1.5% on refinances and .5% on streamline refinances. The funding fee is waived if borrower is 10% minimum disabled.

To use income from another person on VA, it must be a spouse or another eligible veteran. Fiancé, family members or any other co-signor are not eligible if not VA eligible themselves.

Borrower must be able to occupy property within 60 days from closing.

100% max LTV on cash-out refinances

No holdbacks allowed

No anti-flipping policy

Allowable and Non-Allowable Fees charged to buyer:

- Allowable include-Appraisal, credit report, flood cert, title insurance, recording fees, pre-paid items, interest, origination and discount points
- Non-Allowable- closing/settlement, doc prep, interest rate lock in fees, notary fees, loan application or processing, underwriting, tax service
- Seller can pay for any of these charges.

### **Rural Housing**

Max loan amount is \$417,000

Primary residence only

Income limitations for borrowers (1-4 people in household is a max income limit of \$70,250. 5-8 people \$93,400).

Property must be in a Rural designated eligible area.

No monthly MI. 2% guarantee fee can be financed into loan.

Typically max 6% seller contribution

Ratios- 29/41 (To get a ratio waiver borrower must have a 620 or greater credit score)  
Rural housing must give the waiver.

2 year history required for primary source of income but for 2<sup>nd</sup> job, part time, overtime, bonus, child support/alimony income we only need a 12 month history.

VOR required if borrower under a 620 credit score

No collection accounts in last 12 months (if over 620 can go for exception with strong explanation and account paid off)

1x30 late payment allowed with explanation (if over 620 can go for exception)

No in-ground pools allowed. Above ground is ok.

Can't own any other homes (only exception is a MAJOR upgrade in housing type. Example they gave me was moving from an old manufactured home that was close or past its life expectancy to a stick built home)

90 days Anti-Flipping rule enforced

Loan must be submitted to USDA for final approval.

3 years from CH 7 and 13 BK and 3 years from Foreclosure

### **Conventional Loans**

\$417,000 max loan amount below high balance

5% minimum down payment (must meet MI guidelines) on Primary residence, 10% on 2<sup>nd</sup> home (must meet MI guidelines) and 20% down for investment property.

600 minimum credit score required (Must be at least 20% down because of MI guidelines and must get DU approve/eligible)

New MI guides have come out. Now must have a 720 credit score for any LTV that requires MI and the max DTI is 41%-no exceptions.

Do not need to pull spouses' credit report (they must sign disclaimer deed at closing)

3% seller contribution to 90% LTV, 6% seller contribution from 89.9% to 75% LTV, 9% seller contribution below 75% LTV.

2% seller contribution on all investment properties regardless of LTV

90 day anti-Flipping is not enforced if MI is not required. Must sell to Fannie Mae direct. If MI required 90 day flip rule is enforced per MI guidelines.

90% max cash out refinance (refer to MI guides for FICO-max 41% DTI if MI needed).  
Max cash out amount \$150,000

70% max cash out refinance on investment property w/ a 680 FICO and 75% max with a 700 FICO.

If borrower is vacating current home to buy a new primary residence it depends on what they are doing with the existing home:

-If they are selling current home and it will not close before our COE or they are keeping it and converting to a 2<sup>nd</sup> home, they must qualify with both mortgages. They must also have 6 months reserves for both homes. We can consider a reduction to reserves (2 months for both properties) if they have at least 30% equity in property they are vacating. We will need an appraisal or AVM for proof of equity.

-If they intend to convert the residence into a rental property, we can use rental income for qualifying purposes with an acceptable lease (75% of the rental amount is used), if they have 30% equity in home. If they don't, need to qualify with both payments and not use rental income and need 6 months reserves on both homes.

#### Reserves requirements for 2<sup>nd</sup> home, investment property and multiple financed properties

When borrower will own one to four financed properties (including the subject property) the reserve requirements are:

Two months of reserves on the subject property if it is a 2<sup>nd</sup> home.

Six months of reserves on the subject property if it is an investment property and two months reserves on each other financed second home or investment property.

When borrower will own five to ten financed properties (including the subject property) the reserve requirements are:

Two months of reserves on the subject property if it is a 2<sup>nd</sup> home.

Six months reserves on the subject property when it is an investment property and Six months reserves on each other financed second home or investment property.

**NOTE-** The new reserve calculation for financed property is based on PITIA (principal, interest, taxes, insurance and association fees).

Non-occupying co-buyers are allowed. Occupying borrower must have the minimum required down payment with their own funds. If they do not have the minimum down required, 80% is the max LTV. We can use all the non-occupying borrower funds for down payment. If we do not get a DU approval, the max DTI for the occupying borrower can't exceed 43%.

Escrow Holdbacks are allowed. Maximum number of holdbacks: Two holdbacks per transaction

Max term: Pools, 60 days, landscaping, 60 days, carpet, 7 days, window coverings, 14 days.

Max % - Pools, 15% of value

### **Canadian Borrowers**

70% max LTV

\$417,000 max loan amount.

Must qualify with full documentation (2 year history of employment/income, convert money to US dollar)

700 credit score required. Order Canadian credit report through CREDCO. Credit report must have a minimum of 4 trade lines or 3 trade lines and a written VOR. Credit history must cover a 24 month history.

Must have down payment + 6 months reserves in US bank before closing. Must be able to document the funds..

Can not own any other homes in the US. Set it up as a 2<sup>nd</sup> home when doing application.

6% seller contribution

No exceptions on any guidelines.

### **Jumbo Loans (In House Product-GMAC)**

70% max LTV for 1-2 units, PUD's and Condos (We are in a declining market per their guides).

Max DTI is 45% if under 80% LTV

Loan amount up to \$2 million

Primary Residence Only

Purchase and Rate/Term Refinance

0x30 rates on mortgage in last 24 months

0x60 rates on mortgage in last 24 months

For loan amounts greater than \$1 million must have 12 months PITI. Only 50% of assets can be from 401k (Can only use 50% of the vested balance in calculation)

For loan amounts less than \$1 million and DTI less than 35%, need 6 months reserves (same guideline on 401k)

For loan amounts less than \$ 1 million and DTI more than 35%, need 12 months reserves

Borrower limited to a max of 4 financed properties (regardless of investor). Can't exceed \$2 million in loans financed by GMAC.

## **BK/Foreclosure/Pre-Foreclosure/Short Sale**

### Conventional Loans

Ch 7 BK- 4 years from either the discharge or dismissal date.

Ch13 BK- 2 years from discharge date or 4 years from dismissal date

If multiple BK's within 7 year period, it is 5 years from the most recent dismissal date

Foreclosure is 5 years from completion date.

Deed-in-Lieu of Foreclosure is 4 years

Pre-foreclosure is 2 years from date house closed. If house was a short sale and borrower was not in pre-foreclosure (no 60,90,120, or 150 day lates in last 12 months), we can sell this loan to Fannie Mae. The lender/servicer that completed the short sale must NOT have entered into any agreements that obligate the borrower to repay any amounts resulting from the short sale, including a deficiency judgment.

### FHA/VA

CH 7 BK- 2 years

CH 13 BK- 12 months after release

Foreclosure or Deed-in-Lieu of is 3 years from completion date.

Pre-foreclosure is 2 years. Same exception as conventional if not delinquent.

\*Exception- If borrower is in a CH 13 BK for at least 12 months, have no lates to the trustee and we can get a letter from the trustee that it is ok for them to buy a house, we can waive the required time from BK.

## **DU REFI PLUS**

Loan must be Fannie Mae eligible. The following link can be used to help determine eligibility- <http://loanlookup.fanniemae.com/loanlookup/> or call 1-800-7FANNIE

Property can be primary residence, 2<sup>nd</sup> home or investment property.

Can't have any subordinate financing.

Can go to 105% of appraised value and can roll closing cost into the loan. Loan is treated as limited cash out refinance, so the borrower can receive 2% or \$2000, whichever is less. Investment Homes are capped at a 80% LTV.

Limited documentation for income. Hourly, salary, bonus income, will need 1 paystub and VOE. Self employed and commission is 1 year of tax returns.

Borrowers on existing loan must remain the same on the refinance. Can't remove any borrowers. You can add new borrower to existing borrower(s).

No 60+ day lates can be on credit report for any mortgage tradeline.

Minimum credit score is not applicable if LTV under 80% \* This is where it is a little tricky. There are two versions of this loan. DU Refi Plus (run loan through DU for approval) and Refi Plus. The Refi Plus option is only available for the current servicer of the loan. This allows for manual underwriting for approval. If we do not get a DU approval, we CAN'T manually approve the loan.

580 if LTV greater than 80%

The current MI they have on the loan is transferred to the new loan. If they do not have MI (were under 80% on previous loan) they will not have to get MI on the new refinance. If they are in a loan that has Lender Paid Mortgage Insurance, only the current servicer of the loan can do the refinance. We can't do this refinance for them.

For 2<sup>nd</sup> home and investment properties, must meet the reserve requirements.

DTI is calculated by DU

### **FANNIE MAE HOMEPATH**

Property must be eligible for Homepath program. You can search for eligible properties at [www.homepath.com](http://www.homepath.com)

These loans must get brokered to Flagstar. Please make sure to allow time for u/w. There is a \$650 fee charged by Flagstar for these (includes tax service, flood, underwriting, AUS and closing docs).

No appraisal required.

No mortgage insurance

97% max LTV with 660 credit score (must receive DU approve/eligible)

80% max LTV down to 580 credit score (must receive DU approve/eligible)

We are currently offering 30 or 15 year fixed loans on primary residence only.

Down payment can be gifted.

6% seller contribution.

### **Gift Funds**

FHA- Down payment and closing cost can be gifted to borrower. Must have a signed gift letter and document the donor's ability to provide funds (proof money came from their account) and proof funds were received by our borrower (statement showing deposit).

Conventional- Gift funds can be used to lower the LTV and/or pay for closing cost. Borrower must have their own funds to meet the minimum down payment for the program they qualify for. If they meet the minimum down, gift is allowed for any amount over that. Example: borrower has credit scores and DTI to qualify for a 95% LTV. They have the 5% down with their own funds. Family member can gift any amount after the 5% to lower their loan amount. If family member is gifting 20% or more, borrower does not need to have any funds for the down payment. We still need gift letter and documentation showing donor's ability and proof of receipt by our borrower.

## **Appraisals**

If we are doing a conventional loan, the appraisal request/order must go through our appraisal desk. Anyone that gains from the funding of the loan (originator, processor, u/w, etc) can't speak with the appraiser before or during the appraisal process. We can't get an idea of value before the appraiser goes out to the house. If we call an appraiser to check on value before we order the appraisal, that appraiser can't do the loan. Most appraisers will not give value up front knowing they are not going to be able to do the loan. We can still argue value after receiving the appraisal if we feel it is not a good appraisal.

We CAN'T use re-typed appraisals from another lender on Conventional loans. If we have a FHA appraisal that we ordered and we are switching to a conventional loan we can use the same appraisal and get it re-typed. We must still put an order through the lock desk to contact the appraiser to have this done.

FHA and VA process for appraisals is unchanged.

## **BROKER OUTLETS**

Provident- Low rates on conventional products. Be careful on lock terms and times. We have to deliver on loans we submit to them. If we hit 25% of undelivered loans we will lose ability to broker to them.

Washington Federal- Jumbo loans. Only offer a 30/15 yr fixed. They do not go to 90% LTV anymore. The rate sheet they post is at par rate. They do not pay any premium on rates. They do offer lot loans. All loans need a minimum of a 680 credit score.

80% LTV to \$700,000

75% LTV to \$850,000

65% LTV to \$1,500,000

Add .125 to rate for 2<sup>nd</sup> home.

National Bank of AZ- Jumbo and construction loans. Decent rates on ARM products. Do not offer a fixed rate option. 680 Minimum credit score and 45% max DTI (no exceptions)

80% LTV to \$750,000

75% LTV to \$1,500,000

65% LTV to \$2,000,000

60% LTV to \$4,000,000

ING- Best rates on jumbo products. Reduced LTV's. Do not offer a fixed rate option. Do have Interest Only option. 38/45 max ratios (no exceptions). They are usually difficult closings and need a 60 day lock. They have removed their float down option. If lock expires you are hit with extension cost and rate will be determined by current market. 660 Minimum credit score for employed, 700 minimum credit score for self employed on primary residence. 680 Minimum credit score for 2<sup>nd</sup> home, employed borrower. 700 for 2<sup>nd</sup> home, self employed.

70% LTV to \$850,000 (55% for Condo) 65% for Interest Only (50% for Condo I/O)  
65% LTV to \$1,500,000 (50% for Condo) 60% for Interest Only (50% for Condo I/O)  
60% LTV to \$2,000,000 (50% for Condo) 55% for Interest Only (50% for Condo I/O)  
50% LTV to \$3,000,000 for all products.

\*\*New construction (newly built, never occupied) and construction loan payoffs, reduce the LTV above by 15% (but not below 50%)

### **General Info**

Need at least 2 credit scores showing to be able to use. For all loans with multiple borrowers, use the lowest middle score of all the borrowers for qualifying. All borrowers must meet minimum score.

All loans require a letter of explanation on derogatory items and an inquiry letter.

2<sup>nd</sup> home and investment properties do not have a 3 day rescission for refinances.

Max of 6 people per application.

We can do a rate/term refinance (conventional) with the house being off the MLS/market after 1 day. Application must be dated after the house has been removed from the MLS. If it is a cash out refinance, we have to wait 6 months off the market.

## HELPFUL LINKS

[www.fha.gov](http://www.fha.gov)

[www.homeloans.va.gov](http://www.homeloans.va.gov)

[www.wahingtonfederal.com](http://www.wahingtonfederal.com)

[www.pfloans.provident.com](http://www.pfloans.provident.com)

[www.ingloans.com](http://www.ingloans.com)

[www.efanniemae.com](http://www.efanniemae.com)

<https://entp.hud.gov/idapp/html/condlook.cfm> This is link for HUD approved condo projects