



# DELEGATED CORRESPONDENT ANNOUNCEMENT 2019-04

## February 01, 2019

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### Conventional Guideline Changes:

FCM is aligning with Freddie Mac Guideline Changes effective immediately. Please review Freddie Mac bulletin [2018-19](#) for complete details. The Quick Product Guides will not reflect these guidelines since we do not have any overlays:

#### 1. Rental Income

- i. The Borrower must own a Primary Residence to use rental income to qualify when purchasing a new rental property; and
- ii. Whether purchasing a new rental property or converting a Primary Residence to a rental property, if the Borrower does not have a minimum of one-year investment property management experience:
  - a. The rental income can only offset the principal, interest, taxes and insurance (PITI) of the rental property; and
  - b. Rental income exceeding the PITI cannot be added to the Borrower's gross monthly income to qualify.
- iii. Rental income calculations now align with Fannie Mae calculations.
- iv. Only the most recent one year of tax returns will be required.

#### 2. Condominiums

- i. Established condo conveyance has changed from 90% to 75% conveyed for projects with greater than 4 units.
- ii. New condo conveyance has changed from less than 90% to less than 75% conveyed for projects with greater than 4 units.
- iii. Single entity ownership has changed from 10% to 25%.
- iv. 2-4 unit projects do not require project review.
- v. Streamlined N/O/O allowed to 75% LTV except Florida. Max LTV is 70% in Florida.



## VA Guideline Changes:

FCM is aligning with VA's recent changes. These changes are effective with all applications taken on or after February 15, 2019. Please review [VA Circular 26-18-30](#) and [VA Circular 26-18-30 change 1](#) for a complete list of changes.

### 1. Cash Out / Regular Refinances

#### i. Types of Cash Out Loans

##### 1. *Type I Cash Out Refinance*

- a. A refinancing loan in which the loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced.

##### 2. *Type II Cash Out Refinance*

- a. A refinancing loan in which the loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced.

#### ii. All Cash Out Refinances must meet the following requirements:

1. *Loan-to-value (LTV).* (Max LTV 100% and includes the VA funding fee)
2. *Changes to the Net Tangible Benefits*
3. *Loan seasoning requirement changes*
4. *Fee recoupment requirements*
5. *Comparison disclosure requirements*



## **Jumbo Guideline updates:**

### **1. Select QM & Select Non-QM**

- i. Maximum loan amount for second home cash-out refinance from \$1,000,000 at 60% LTV to \$1,500,000.
- ii. Minimum loan amount from \$453,101 to \$484,351 for 1-unit properties with LTVs 80% or below.

### **2. Select QM, Select Non-QM, Choice QM & Choice Non-QM**

- i. For divorces on or after 01/01/2019, alimony payments paid by the borrower must be treated as a liability. Borrowers with a divorce prior to this date may have alimony deducted from their income rather than treated as a liability.
- ii. Tax transcripts (personal and business) may now be allowed in lieu of a signature on the corresponding tax return.

## **New Mortgagee Clause:**

First Community Mortgage, Inc. ISAOA/ATIMA

262 Robert Rose Drive, Ste. 200

Murfreesboro, TN 37129

Reference Loan #