

NEWSFLASH

Important information: Please read immediately



Date: 8/25/09

Topics in this newsflash include:

- Rent loss insurance for 2-4 unit Agency Conventional properties
- Home Valuation Code of conduct (HVCC) clarifications
- Miscellaneous Agency Conventional Reminders
- FHA/VA Streamline seasoning requirement

Agency Conventional 2-4 Unit Primary Resident

Effective Wed 8/26 for all new locks, re-locks or extensions a minimum of six (6) months rent loss insurance on conventional loan transactions secured by 2-4 unit primary residences will be required when rental income is used to qualify. The loan program description will be updated accordingly.

HVCC Transfer of Appraisal

Effective Wed 8/26 for all new locks, re-locks or extensions, transfer of conventional appraisals from other companies will not be accepted regardless of any written assurance or certification deemed eligible within Section III.A. of the Home Valuation Code of Conduct.

Miscellaneous Agency Conventional Policy Reminders

- Full appraisals are required on conventional conforming product regardless of DU feedback.
- Reserve requirements for Second Homes and Investment properties have increased as follows:
 - Second Home – 2 mos PITI on subject PLUS 2 mos add'l reserves for each financed 2nd Home or Investment property
 - Investment – 6 mos PITI on subject PLUS 2 mos add'l reserves for each financed 2nd home or Investment property.

FHA/VA Streamline seasoning requirement

Effective Wed 8/26 for all new locks, re-locks or extensions, the requirement of no 30 day or greater mortgage lates (0 x 30) in the most recent 12 months continues to be in effect. In addition, the loan may continue to be documented and underwritten as a non-credit qualifying streamline refinance IF the existing mortgage has a MINIMUM of 6 months documented payment history. If unable to document six month payment history, the loan must be documented and underwritten as a credit qualifying streamline.

If you have any questions, please contact your wholesale account executive