



# WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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## 18W-082

**Attention: Business Development Managers & Mortgage Brokers      September 10, 2018**

**Please take a moment to read the important information contained in this bulletin.**

**Included in this Bulletin: Monthly Bulletin Digest – August 2018**

***Below is a recap of the Bulletins that were released last month:***

*(Complete bulletins are located on the MWF Internet page under resources or by clicking on the [Wholesale Bulletin](#) link here)*

Topic	Bulletin Number	Detail
Monthly Bulletin Digest	18W-073	
Multiple Underwriting Guideline Updates and Clarifications	18W-074	
Important Dates for Refinance Transactions	18W-075	For Refinance Loans closing in the month of September, please review the bulletin for important information and dates.
CalHFA Borrower Affidavit and Certification	18W-076	As announced in <a href="#">CalHFA Program Bulletin #2018-16</a> , effective for locked CalHFA loans on or after August 6, 2018, CalHFA is requiring the use of the newest CalHFA Borrower Affidavit and Certification (attached in above referenced bulletin). The new CalHFA Borrower Affidavit and Certification is simpler and contains fewer boxes to check. A fillable version of the affidavit will soon be available on the <a href="#">CalHFA Forms</a> webpage. Borrower(s) may sign the form electronically.
BOLT Updates for August 2018	18W-077	<p>The following updates to BOLT will be released on Friday, August 17, 2018.</p> <p>In LendingQB, it is possible to link mortgage liabilities to REO's, but this functionality has not been available in BOLT until this release. From now on, when adding/updating mortgage liabilities in BOLT, users will have the option to select an REO to link.</p> <p>The liabilities table in BOLT will now list which mortgage liabilities have been linked to an REO and include buttons</p>

		<p>to add/update linked REO's.</p> <p>We are also adding the capability to specify the occupancy rate for rental REO's within BOLT; another piece of functionality that was previously available within LendingQB but not within BOLT until now. The option to set the Occupancy Rate will be available when adding or updating REO's with a Property Status of "Rental".</p>
CalHFA Conventional Financing for Manufactured Housing	18W-078	<p>Beginning August 20th, 2018, MWF borrowers purchasing manufactured homes may be eligible for the benefits of CalHFA Conventional Standard MH and CalHFA CalPlus Conventional Standard MH with ZIP, MyHome and STEAP loan programs.</p> <p>The following are a few of the parameters:</p> <ul style="list-style-type: none"> <li>• Minimum FICO of 660</li> <li>• Maximum LTV of 95.00%</li> <li>• Maximum CLTV of 105%</li> <li>• Home must meet Fannie Mae, CalHFA and Lakeview requirements</li> <li>• Single-wide manufactured homes are ineligible</li> <li>• Leasehold properties are ineligible</li> <li>• No manual underwriting</li> </ul> <p>Mountain West Financial, Inc. is not offering the Fannie Mae MH Advantage at this time, as further feasibility research is required.</p> <p>See <a href="#">CalHFA Retail Matrix/Overview</a> for complete program details.</p>
GSFA Platinum Program Changes	18W-079	<p>GSFA has announced the availability of the Platinum Select program. Effective immediately, MWF borrowers in a qualifying profession may enjoy the benefits of the Platinum first mortgage with down payment assistance of 3%, 4% or 5% available as a grant forgiven at closing. If income qualified, the borrower may also be eligible for the Platinum Affordable Subsidy as well.</p> <p>To be eligible for Platinum Select, borrowers must be in one of the following professions in CA:</p> <ul style="list-style-type: none"> <li>• Peace officers, Sheriff Deputies, Border Patrol Agents, Correctional Officers and others serving in a Law Enforcement capacity.</li> <li>• Firefighters, CalFire, paramedic, Emergency Medical Technicians (EMTs), including administrative staff the supports firefighters or</li> <li>• Current members of the California State Teachers Retirement System (CalSTRS), University of California Retirement Plan (UCRP), employees of a California accredited Private, Charter or Pubis School District or California State University, Junior College or Private College, including school and administration and staff.</li> <li>• Evidence of eligible occupation must be submitted to the</li> </ul>

		<p>lock desk within 5 days of locking the loan.</p> <p>Additionally, MWF is pleased to announce super-conforming loan limits are available for GSFA Platinum FHA:</p> <ul style="list-style-type: none"> <li>• All parameters, ratios and product codes remain the same for FHA HB as the conforming FHA Platinum.</li> <li>• FHA HB loan limits are specific <a href="#">by county</a>.</li> <li>• <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a></li> </ul> <p>See <a href="#">GSFA Platinum Matrix/Overview</a> for complete program details.</p>
Freddie Mac Maximum Number of Financed Properties	18W-080	<p>For second home and investment property mortgages, Freddie Mac previously limited the number of 1-4 unit financed properties to six (including the subject property and the Borrower's Primary Residence). This included all Borrowers collectively.</p> <p>Effective August 20, 2018, Freddie Mac increased the maximum number of allowable financed properties to 10.</p> <p>When the number of financed properties is greater than six, the following additional guidelines apply:</p> <ul style="list-style-type: none"> <li>• Have a Risk Class of Accept from Loan Product Advisor</li> <li>• Have a minimum credit score of 720</li> <li>• Have 8 months cash reserves for each additional second home and/or 1-4 unit investment property that is financed and on which the borrower is obligated.</li> </ul>
Freddie Mac Enhancements	18W-081	<p>Per Freddie Mac Bulletin #2018-10, the following enhancements were released:</p> <p><b>Automated Collateral Evaluation (ACE)</b> Effective for new submission and resubmission to Loan Product Advisor on or after July 16, 2018, Freddie expanded eligibility for ACE appraisal waivers to include mortgages secured by Condominium Units.</p> <p><b>Comparable Sales Section</b> Effective June 27, 2018, Freddie Mac updated their comparable sales selection requirements for properties located in new subdivisions, units in new Planned Unit Developments (PUDs) or units in recently converted or New Condominium Projects to provide flexibility when the new subdivision or project has no contract sales.</p> <p><b>Expansion of Detached Condominium Projects Review Types</b> Effective June 28, 2018 Freddie Mac expanded the availability of the Detached Condominium Projects review type to include Detached Condominium Units in a project with a mix of attached, detached and/or semi detached units.</p>

**Detached Condominium Project Insurance**

You are no longer required to determine the existence or adequacy of the project liability insurance and /or the fidelity or employee dishonest insurance as required previously.

**Detached 2 – 4 Unit Condominium Project**

A detached condominium in a 2 – 4 unit condominium project is now eligible for review under the detached condominium projects review type.

**New Condominium Project Conversion**

Previously, Freddie Mac required an engineer's report to determine project eligibility for a condominium project that was created by a conversion involving a Non Gut Rehabilitation of a prior use of a building that was legally created within the past five years.

Freddie Mac updated their seller guides to allow you to review documentation that is functionally equivalent to an engineer's report, provided certain conditions are met, as addressed in Section 5701.6 of the Freddie Mac Seller Guide.

**Limitations on Ability to Sell and Right of First Refusal**

Freddie Mac eliminated the requirement relating to how the right of first refusal could be exercised when the project documents allow the homeowner's association (HOA) to retain that right.

**Project Budget and Working Capital Fund**

Previously, if a condominium project's budget did not provide a replacement reserve of at least 10% of the budget for capital expenditures and deferred maintenance, you could rely on a reserve study provided the requirements in Section 5701.6 (I) of the Freddie Mac Seller Guide were met.

With Freddie's bulletin 2018-10, Freddie Mac provided is providing an additional option. You may rely on a working capital fund if all requirements of Section 5701.6(m) are met. This is in consideration that all budgets will not meet the minimum reserve allocation requirement, and not all have projects will have reserve study.

Freddie Mac also clarified that when a project is recently converted, the required working capital fund can be funded through contributions made by the developer and/or purchasers of the condominium units.

**Commercial Space**

A project (or building in which the project is located) will be considered ineligible only if it includes more than 35% of

		<p>the total above and below grade square footage as commercial or non residential space.</p> <p><b>Special Flood Hazard Area</b>  As a reminder, if the subject condominium unit is located within a building in which all or part of the building is in a “Special Flood Hazard Area” as identified by the Federal Emergency Management Agency (FEMA) through the National Flood Insurance Program, you must ensure that the flood insurance coverage meets our requirements in Section 8202.3 of the Freddie Mac Seller Guide.</p> <p><b>Litigation</b>  Previously, when the litigation amount was unknown, the attorney letter was required to include the upper and lower limits of any potential monetary judgement against the HOA when the litigation amount is unknown, the attorney letter must indicate that the potential monetary judgement or settlement including punitive damages, will likely be covered by the HOA’s insurance policy, rather than the upper and lower limits as previously required.</p> <p>Additionally, the Freddie Mac guide is being updated to specify that a project is eligible if the lender determines that the reason for the pending litigation is that the HOA is the plaintiff in a foreclosure action or action for past due HOA assessments.</p> <p><b>Single Investor Concentration</b>  Previously for project with 21 or more units, a Housing Finance Agency (HFA) (or similar entity based on state or local law or regulation) could own no more than 15% of the total number of units in a project without the ownership being considered as excessive single investor concentration.</p> <p>Freddie Mas has increased this maximum single investor concentration requirement to 25%. Freddie Mac is also allowing this maximum 25% single investor concentration to be applicable to developer leased units used for low or moderate income rental purposes (in accordance with State or local law or regulation). The same requirements that apply to HFA owned units apply to the developer leased units.</p> <p>Please see bulletin for full details.</p>
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**Refer to individual Bulletins for complete details.**