

WHOLESALE BULLETIN

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[Bolt Training](#)

[Wholesale Website](#)

[Previous Bulletins](#)

18W-097

Attention: Business Development Managers & Mortgage Brokers

November 1, 2018

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

Included in this Bulletin: Multiple UW Guideline Additions and Changes – October

What's New?

The following Underwriting Guideline changes have been implemented within the UW Manuals/Product Matrices (Note: these changes may not have been announced in a bulletin):

(Click on the link listed under "Manual Affected" below to find the topic listed in **YELLOW** within the Table of Contents.)

Topic	Manual Affected	Detail
Union Member Income	CONV	Added new section 6.7.33 Union Member Income Borrowers who work in occupations that result in a series of short term job assignments (such as a skilled construction worker, longshoremen, or stagehand), where a union facilitates the borrower's placement in each assignment. The Union may now provide: <ul style="list-style-type: none"> • The verbal verification of employment for a union member who is currently employed, and • An executed employment offer or contract for future employment for a union member who is not scheduled to begin employment until after the loan closes. All other existing requirements for employment offers or contracts apply
Authorized User Tradelines	CONV	Updated Section 6.10.3: Authorized User Tradelines to account for differences between agency requirements.
Mortgaged Premises occupied by Borrower's parent or disabled child	CONV	Added new section: 1.1.3. 1.1.3. Mortgaged Premises occupied by Borrower's parent or disabled child (Freddie Mac ONLY) Borrower may be considered an occupying Borrower if the Mortgaged Premises is occupied as a Primary Residence by an individual(s) who: <ul style="list-style-type: none"> • Is the Borrower's parent(s), OR • Has a physical or developmental disability and Borrower is the individual's parent or legal guardian.

Freddie Mac Student Loans	CONV	<p>Updated Section 6.10.9.2 6.10.9.2. Freddie Mac Student Loans (Repayment, Deferment, Forbearance) When calculating the monthly DTI ratio, use the following:</p> <ul style="list-style-type: none"> • If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, OR • If the monthly payment amount reported on the credit report is zero, use .50% of the outstanding balance, as reported on the credit report.
Publicly Trades Stocks/Bonds/Mutual Funds	MWF Jumbo R	Updated 4.4.11 Publicly Trades Stocks/Bonds/Mutual Funds: Margin account and/or pledged asset balances must be deducted
Checking, Savings & CDs	MWF Jumbo R	Updated 4.4.1 Checking, Savings & CDs to included: Asset verification by a Fannie Mae approved asset validation provider is allowed in lieu of 2 months statements provided by the borrower. The asset verification must provide 60 days of account activity and include all items normally indicated on bank statements
Derogatory Credit Exceptions (All Programs)	MWF Jumbo R	<p>Added new section: 4 4.2.7.4. Derogatory Credit Exceptions (All Programs) Exceptions for credit events will be considered on a case-by-case basis between four (4) and seven (7) years with extenuating circumstances subject to the following:</p> <ul style="list-style-type: none"> • Extenuating circumstances are defined as non-recurring events that were beyond the borrower's control resulting in a sudden, significant and prolonged reduction in income or catastrophic increase in financial obligations. <ul style="list-style-type: none"> – Examples would include death or major illness of a spouse or child but would not include divorce or job loss. • Documentation must be provided to support the claim of extenuating circumstances and confirm the nature of the event that led to the credit event and illustrate the borrower had no reasonable option other than to default on their obligations. • If the defaulted debt was assigned to an ex-spouse and the default occurred after the borrower was relieved of the obligation, the event may be considered on an exception basis. • Multiple derogatory credit events not allowed. • A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event. • A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event.

Refer to Underwriting Guidelines for complete details.