



WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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18W-107

Attention: Business Development Managers & Mortgage Brokers

December 2, 2018

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

Included in this Bulletin: **Monthly Bulletin Digest – November 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-096	
Multiple Underwriting Guideline Updates and Clarifications	18W-097	
Important Dates for Refinance Transactions	18W-098	For Refinance Loans closing in the month of November, please review the bulletin for important information and dates.
Wholesale Training Webinar for November	18W-099	<p>Below are the upcoming Broker Training webinars presented by Mountain West Financial, Inc.:</p> <p>MWF Mortgage Insights Tuesday, November 6th 9am-930am https://attendee.gotowebinar.com/register/2781030330331776257</p> <p>Creating Your Personal Brand Thursday, November 9th 9am-10am https://attendee.gotowebinar.com/register/5302817431405769474</p>
Veterans Day and Thanksgiving 2018 Holiday	18W-100	Please note that Monday November 12, 2018 will be observed as Veterans Day and Thursday November 22, 2018 is Thanksgiving, both federal holidays. Therefore, banks and the U.S. Postal Service will not be open for business. Mountain West Financial, Inc. will be open for business on Monday November 12th, however Mountain West Financial, Inc. will be closed for business Thursday November 22nd and Friday November 23rd in observance of the Thanksgiving holiday.

		<p>Please Note: Friday November 23, 2018, Mountain West Financial will have limited staff on site to receive incoming package and loan document deliveries between the hours of 9:00am to 2:00pm.</p> <p>Refer to the bulletin for complete details.</p>
Updated Wholesale Training Webinar for November	18W-101	<p>Below are the upcoming Broker Training webinars presented by Mountain West Financial, Inc.:</p> <p>CalHFA Loan Programs Friday, November 16th 9am-10am https://register.gotowebinar.com/register/8595090596676476674</p> <p>MWF Mortgage Insights Tuesday, December 4th 9am-10am https://attendee.gotowebinar.com/register/5302817431405769474</p> <p>Creating Your Personal Brand Thursday, December 6th 9am-10am https://attendee.gotowebinar.com/register/5302817431405769474</p>
MWF Jumbo 2 Changes - Preferred Payment Plan	18W-102	<p>Great News! Borrowers are no longer required to enroll in the Preferred Payment Plan in order to receive improved pricing on a MWF Jumbo 2 loan. Improved pricing is available on all MWF Jumbo 2 loans without enrolling in the Preferred Payment Plan option.</p> <p>When borrowers want to take advantage of the Preferred Payment Plan (automatic withdrawals), the borrower's welcome letter will contain instructions to have payments automatically withdrawn from their checking or savings account.</p>
California Wildfires Disaster Policy	18W-103	<p>Mountain West Financial (MWF) is committed to helping its customers during the recovery process in areas impacted by the massive California fires.</p> <p>Re-inspection requirements for properties in FEMA-declared disaster areas are as follows:</p> <ul style="list-style-type: none"> • Conventional, VA and USDA loans require an exterior-only disaster inspection report to certify that the property was unaffected by the disaster. Conventional loans with property inspection waivers, VA IRRRLs and USDA Streamline loans will require re-inspections if the property is in a FEMA-declared disaster area. • FHA requires an interior and exterior disaster inspection report and photos. FHA Streamlines do not require re-inspection. • VA requires both the lender and the veteran to certify the property is not damaged. <ul style="list-style-type: none"> • Re-inspections are a valid COC and may be charged to the borrower except for VA loans.

		Refer to the bulletin for complete details.
Introducing Non-QM Galton Program	18W-104	<p>Great news! Mountain West Financial will begin offering the Non-QM G program. This program is available as a 30 year fixed and a 30 or 40 year fixed with an interest only option.</p> <p><u>Program Highlights</u></p> <ul style="list-style-type: none"> • Eligible transaction types are Purchase, Rate and Term, and Cash-out • Eligible properties are 1-4 Units, SFRs, FNMA Approved Condos and PUDs • Max 95% LTV with no MI • 30 and 40 Year Fixed • 10 Year Interest Only option • Minimum FICO Score as low as 600 • Cash-out up to 95% LTV regardless of cash-out amount • Max Loan Amount up to \$3,000,000 <p>For complete details, please see the Non-QM Galton Product Matrix.</p>
Conventional Loan Limits for 2019	18W-105	<p>The Federal Housing Finance Agency (FHFA) has announced new loan limits for the year 2019.</p> <p>Conforming loan limits for Conventional loans will increase from \$453,100 to \$484,350. Loan limits will also be increasing in what the FHFA calls “high cost areas”, where 115% of the local median home value exceeds the baseline loan limit. The new ceiling loan limit for one-unit properties in most high cost areas will be \$726,525, which is up from \$679,650 in 2018.</p> <p>For 2019, almost all counties increased. The county list has been included with this bulletin and can also be accessed by clicking here.</p> <p>The new FNMA/FHLMC limits apply to all loans sold beginning January 1, 2019. FHFA's 2019 limits will be live in PML and LendingQB tomorrow, 11/28/18. Please note that FHA and VA will continue to use previous years' loan limits.</p> <p>2019 loan limits will be applied to Desktop Underwriter (DU) December 8, 2018. Loan casefiles underwritten through DU prior to December 8th that receive an Ineligible recommendation due only to exceeding the 2018 loan limit are still eligible to close under the new limits.</p> <p>2019 loan limits will be applied to LPA December 1st. Loans that receive an Ineligible finding prior to December 1 based solely on 2018 loan limits will be eligible.</p> <p>Changes are also expected for FHA, VA and USDA and will be communicated once received.</p>

Fannie Mae DU Release
Notes December 2018

18W-106

During the weekend of December 8, 2018, Fannie Mae will implement DU Version 10.3 which will apply to new loan casefiles submitted to DU on or after the weekend of December 8, 2018. Loan casefiles created in DU Version 10.2 and resubmitted after the weekend of December 8 will continue to be underwritten through DU Version 10.2.

DU Risk Assessment Update

DU Version 10.3 will include adjustments to the DU credit risk assessment to account for 2018 market conditions (rising interest rates, waning refinances, and higher loan to value lending).

DU 10.3 will:

- Continue to analyze each loan casefile using variables that have been shown to be predictive of mortgage delinquency, and
- Address market expansion into loans with multiple high risk factors with more effective management of risk layering.

DU 10.3 is intended to help Fannie Mae users effectively serve their borrowers in a manner that is reflective of current market realities. **Fannie Mae anticipates DU 10.3 to yield a slight reduction in loan casefiles receiving an Approve/Eligible recommendation, with the most noticeable reduction for loans with multiple high risk factors.**

Debt to Income Ratio

Cash out refinance transactions underwritten with DU Version 10.3 for borrowers with a debt to income ratio exceeding 45% must have at least six months of reserves. Cash out proceeds cannot be used for reserves.

Loans for a Borrower without Traditional Credit

DU will continue to look for the presence of a credit score to determine if a borrower has traditional credit, and it will also ensure the borrower has at least one credit report account that is not a medical tradeline (medical tradelines are not used in the DU risk assessment).

When a loan casefile is submitted to DU for a borrower with a credit score, but only medical tradelines are reported on the credit, the loan casefile will receive an Out of Scope recommendation.

Disaster Impacted Areas

A new message will be issued on loan casefiles for properties located in disaster impacted areas. If the loan casefile received an appraisal waiver offer prior to the disaster, and upon resubmission to DU continues to meet all other appraisal waiver eligibility requirements, DU will continue to offer the appraisal waiver and issue a new message.

This message will indicate that the lender may accept the appraisal waiver offer but must:

- Take prudent and reasonable actions to determine if the

		<p>condition of the property has been materially impacted by the disaster, and</p> <ul style="list-style-type: none">• Comply with the property eligibility that pertain to properties affected by a disaster in the Fannie Mae Selling Guide. <p>Properties Valued at \$1,000,000 or more Appraisal waivers will not be offered on refinance transactions when the estimated value of the property (as provided to DU) is \$1,000,000 or more.</p> <p>Note: DU will apply this change only to loan casefiles created on or after the weekend of December 8. Resubmissions of existing refinance loan casefiles ran under previous DU Versions, that received the appraisal waiver will not be impacted by the change and lenders can continue to exercise the appraisal waiver.</p> <p>Retirement of DU Version 10.1 With the release of DU Version 10.3 DU Version 10.1 will be retired. Effective the weekend of December 8, 2018, resubmissions of loan casefiles prior to DU Version 10.1 will no longer be allowed. Users will be able to view online loan applications and DU Underwriting Findings reports that were created under DU Version 10.1. To obtain an updated underwriting recommendation after the weekend of December 8, a new loan casefile must be created and submitted through DU.</p>
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Refer to individual Bulletins for complete details.