

WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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[Bolt Training](#)

[Wholesale Website](#)

[Previous Bulletins](#)

19W-016

Attention: Business Development Managers & Mortgage Brokers

March 1, 2019

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

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

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 prior 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
Updated Manufactured Home Requirements	Conventional	<ul style="list-style-type: none"> Remove Additional Cash Reserves and Gift Funds requirements. Revised Section 8.2.9 - DTI to read "Determined by AUS. Must receive an AUS approval. No manual underwriting allowed." Revised Section 8.2.6 - Non Occupying Co-Borrowers allowed.
Updated Manufactured Home Requirements	FHA	<ul style="list-style-type: none"> Updated Manufactured Home Requirements: Revised DTI requirement to read "Determined by AUS. Must receive an AUS approval."
Updated Manufactured Home Requirements	VA	<ul style="list-style-type: none"> Remove Additional Cash Reserves and Gift Funds requirements. Revised Section 8.3.7 - DTI to read "Ratios determined by AUS. All transactions must receive an AUS approval. No manual underwriting allowed."
Seasonal Income	MWF Jumbo 2	Added New Section 3.5.9. See guidelines for complete details.
Single Entity Ownership in a Project	MWF Jumbo 2	Updated Section 5.2.4. Properties in a project where a single entity (the same individual, investor group, partnership, or corporation) owns more than 25% of the total units in the project are ineligible for financing.
Commercial Use	MWF Jumbo 2	Updated Section 5.2.6. Commercial space within the condo project (or building in which the project is located) must not exceed 35% of the

		total square footage for the project/building, including commercial parking, and must be compatible with residential use. The appraiser must confirm the commercial space in the project is compatible with the overall residential nature of the project.
Mortgage with Less than 1 Year Seasoning	MWF Jumbo 2	<p>Updated Section 4.1.2. The underwriter must analyze transactions involving the payoff of a first lien that has been seasoned for less than one year.</p> <p>If the first lien being paid off was a purchase transaction, the LTV/CLTV must be determined as follows:</p> <ul style="list-style-type: none"> • For properties with no home improvements completed, use the lower of: Original documented purchase price OR New appraised value. • For properties with home improvements completed, use the lower of: Original documented purchase price plus documented home improvements OR New appraised value. • Home improvements must have been completed since the lien was originated, construction costs must be documented (paid receipts, cancelled checks, construction contracts, etc.) and the improvements must be supported by the current valuation. • Home improvements may not equate to a dollar for dollar increase in value, and contributory value should be considered.

Refer to Underwriting Guidelines for complete details.