

WHOLESALE BULLETIN

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19W-029

Attention: Business Development Managers & Mortgage Brokers

April 1, 2019

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

Included in this Bulletin: **Monthly Bulletin Digest – March 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	19W-015	
Multiple Underwriting Guideline Updates and Clarifications	19W-016	
Important Dates for Refinance Transactions	19W-017	For Refinance Loans closing in the month of March, please review the bulletin for important information and dates.
Removing Manufactured Home Overlays	19W-018	<p>Effective immediately, MWF is pleased to announce the following enhancements to Conventional, FHA and VA Manufactured Home transactions:</p> <ul style="list-style-type: none"> • 620 FICO Score requirement • No DTI restrictions with AUS approval • Gift Funds allowed • No Reserve requirements • Non Occupying Co-Borrowers allowed <p>All manufactured home transactions must receive an AUS approval. No manual underwrites.</p>
FHA Update for Mortgagee Letter 2019-04 and 2019-05 Inspector Roster and New Construction 10 Year Protection Plans	19W-019	<p>Mountain West Financial, Inc. is pleased to share that the Federal Housing Administration has taken steps to reduce some of the regulatory burdens that belabor the lending process, releasing two mortgagee letters Tuesday with updated guidelines on home warranty and inspection requirements for single-family FHA loans. Mortgagee Letter 2019-04 eliminates the FHA Inspector Roster in order to expand the pool of inspectors for lenders.</p>

		<p>Per the Mortgagee Letter, the FHA said industry standards and local regulations are sufficient to ensure inspector qualifications. “There is no longer a need for HUD to maintain and administer its own standardization process for inspectors,” the mortgagee letter stated.</p> <p>Mortgagee Letter 2019-05 streamlines guidelines for home warranties by eliminating the requirement that borrowers purchase 10-year protection plans for new construction homes, reducing expenses for the borrower. The FHA said homebuyer and builder’s one-year Warranty of Completion of Construction provides enough assurance that the home was built properly and the borrower is protected.</p>
<p>Managing Mortgage Risk Trends – FHA TOTAL Scorecard</p>	<p>19W-020</p>	<p>The Federal Housing Administration (FHA) announced that it is taking initial steps to better mitigate the increasing risks in recent Single Family fiscal year (FY) endorsements. Effective for mortgages with case numbers assigned on and after March 18, 2019, FHA’s Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard will specifically manage the decrease in average borrower credit scores and the excessive risk layering that results when multiple risk factors are present.</p> <p>New FHA mortgages with case numbers assigned to the TOTAL Mortgage Scorecard via an automated underwriting system (AUS) on and after March 18, 2019, may receive feedback indicating the loan must be manually underwritten. Final underwriting review decisions for those mortgages must be documented in accordance with existing FHA requirements for manually underwritten mortgages.</p> <p>FHA will carefully monitor the impact of this change and is preparing to implement additional changes to maintain a better balance of managing risk and fulfilling its mission.</p> <p>NOTE: Any FHA leads or loans that do not have case numbers assigned before this date, and have higher DTIs, or lower scores, may be at risk for AUS approval.</p>
<p>MWF Jumbo 2 Second Homes</p>	<p>19W-021</p>	<p>Effective March 18, 2019, the maximum LTV/CLTV’s for Second Home Purchases and Rate/Term Refinances have increased.</p> <ul style="list-style-type: none"> Maximum LTV/CLTV has increased 5% for loan amounts/combined loan amounts up to \$2,000,000 <p>Please refer to the MWF Jumbo 2 Product Matrix for complete details.</p>
<p>LLPA Reductions</p>	<p>19W-022</p>	<p>Great news! MWF has reduced our pricing adjustments on conventional manufactured homes, FHA streamline refinances, and VA IRRRLs!</p> <p>Effective immediately, the pricing adjustment for conventional manufactured homes has been reduced to 1.50. The adjustment for FICO < 640 on FHA streamline refinances and VA IRRRLs has also been reduced to 1.50.</p>

<p>Desktop Underwriter Desktop Originator Release Notes DU Version 10.3 March 2019</p>	<p>19W-023</p>	<p>Effective the weekend of March 23, 2019, Fannie Mae will implement an update to Desktop Underwriter Version 10.3 which will include the changes described below.</p> <p>Except for the DU validation service enhancements and the reserves to verify update, the changes in this release will apply to DU Version 10.3 loan casefiles submitted or resubmitted on or after the weekend of March 23, 2019.</p> <p>Please refer to the bulletin for complete details.</p>				
<p>Introducing FNMA MH Advantage</p>	<p>19W-024</p>	<p>Great news! Mountain West Financial, Inc. will begin offering the MH Advantage Program effective immediately. This program allows for a number of flexibilities over standard manufactured housing, including higher LTV ratios, standard mortgage insurance, and reduced loan-level price adjustments.</p> <p><u>MH Advantage Program Highlights</u></p> <table border="0"> <thead> <tr> <th>Conforming Programs</th> <th>CalHFA Programs</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Purchase, Rate/Term & Cash-out • Primary and Second homes • Minimum FICO 620 • Max LTV 97% • Max Loan Amount \$484,350 • Ratios Determined by DU </td> <td> <ul style="list-style-type: none"> • Purchase Only • Owner Occupied Only • Minimum FICO 660 • Max LTV/CLTV 97%/105% • Max DTI 45.00% • Manual Underwriting not allowed </td> </tr> </tbody> </table> <p><u>MM Advantage Property Eligibility Requirements</u></p> <p>MH Advantage is for manufactured housing that is built to meet construction, architectural design, and energy efficiency standards that are more consistent with site-built homes. To be eligible for MH Advantage financing, the home must have an MH Advantage sticker applied by the home’s manufacturer pursuant to an agreement with Fannie Mae.</p> <p>Please review the Conforming Product Matrix and CalHFA Program Matrix for complete program guidelines.</p>	Conforming Programs	CalHFA Programs	<ul style="list-style-type: none"> • Purchase, Rate/Term & Cash-out • Primary and Second homes • Minimum FICO 620 • Max LTV 97% • Max Loan Amount \$484,350 • Ratios Determined by DU 	<ul style="list-style-type: none"> • Purchase Only • Owner Occupied Only • Minimum FICO 660 • Max LTV/CLTV 97%/105% • Max DTI 45.00% • Manual Underwriting not allowed
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<p>FNMA Non-Citizen Borrower Eligibility</p>	<p>19W-025</p>	<p>Fannie Mae (FNMA) allows mortgages to non-citizens who are lawful permanent or non-permanent residents of the United States under the same terms available to U.S. citizens. The additional guidance below is designed to assist in determining the eligibility for non-U.S. citizen borrowers.</p> <p>FNMA considers a borrower legally present in the United States if:</p> <ul style="list-style-type: none"> • he/she has a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN); and • he/she has current, verified status, which may be documented by a valid employment authorization document (EAD), or other documentation showing immigration status is current (e.g., Green Card, work visa, 				

		<p>etc.).</p> <p>A borrower who is legally present must meet all other applicable FNMA underwriting and eligibility requirements, including the continuity of income requirements that apply to all borrowers:</p> <ul style="list-style-type: none"> • Documentation of income continuity is not required for most employment-related income types (e.g., base, bonus, overtime, commission). • If a borrower is reliant on income for which documentation of continuity is required, the mere fact that a borrower has current, verified status does not impact the continuity of income analysis. For example, if a borrower can provide documentation of 3-year income continuity when required, the fact that their status is renewed only every 2 years is not a factor — the borrower is legally present and has met the continuity of income requirements. <p>Please refer to the bulletin for complete details.</p>
<p>REVISED Desktop Underwriter Desktop Originator Release Notes DU Version 10.3 March 2019</p>	<p>19W-026</p>	<p>Fannie Mae discovered issues impacting portions of the previously announced DU Version 10.3 release scheduled for the weekend of March 23, 2019. As a result, the following updates have been delayed until further notice:</p> <ul style="list-style-type: none"> • Message Consolidation • Commission Income Validation • Income Calculation Update <p>Please refer to the bulletin for complete details.</p>
<p>REVISED Desktop Underwriter Desktop Originator Release Notes DU Version 10.3 March 2019</p>	<p>19W-027</p>	<p>The following enhancements to the Desktop Underwriter (DU) validation service that were scheduled to be released this past weekend, as part of the DU Version 10.3 update, will be implemented Friday March 29, 2019:</p> <ul style="list-style-type: none"> • Message Consolidation • Commission Income Validation • Income Calculation Update
<p>Changes to FHA 4000.1</p>	<p>19W-028</p>	<p>Mountain West® is pleased to announce that the Federal Housing Administration (FHA) has published an update to its Single Family Housing Policy Handbook 4000.1 (SF Handbook), the first update since December 2016.</p> <p>The update contains technical changes for consistency and clarity, and several of those policy updates are listed for your review.</p> <p>Please refer to the bulletin for complete details.</p>

Refer to individual Bulletins for complete details.