

WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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19W-074

Attention: AEs, Business Development Managers & Mortgage Brokers September 4, 2019

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

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

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
Refinance Seasoning Requirement	VA	<p>Updated Section 1.2.5. Refinance Seasoning Requirement</p> <p>The Note date of the refinance loan must be on, or after, the later of:</p> <ul style="list-style-type: none"> the date on which the borrower has made at least six monthly payments on the loan being refinanced; AND the date that is 210 days after the first payment due date of the loan being refinanced
Non Taxable Income	VA	<p>Updated Section 6.5.1. Non Taxable Income</p> <p>Tax-free income may be "grossed up" for purposes of calculating the debt to income ratio only (not residual income). This is a tool that may be used to lower the debt ratio for veterans who clearly qualify for the loan.</p> <p>"Grossing up involved adjusting the income upward to a pre-tax or gross income amount which, after deducting state and federal income taxes, equals the tax exempt income."</p> <p>Use a figure of 125% of the borrower's non-taxable income when "grossing up". If the income is split between taxable and non-taxable income, only the non-taxable portion of the income can be grossed-up.</p> <p>Tax-free income includes certain military allowances, child support payments, worker's compensation benefits,</p>

		<p>disability retirement payments, and certain types of public assistance payments. Verify that the income is indeed tax free before “grossing-up”.</p> <p>Note: For accurate DU Findings for the grossed-up amount, be sure to show the dollar amount of the gross-up on line 35 of the “VA Analysis” under “Other” deductions. This will remove the grossed-up amount from the residual income, yet the DTI will calculate correctly.</p>
Accessory Unit Comparable Sale Selection	CONV	<p>Added new section: 6.11.1. Accessory Unit Comparable Sale Selection</p> <p>If a comparable sale with an accessory unit is not available in the subject neighborhood, the appraiser can use a comparable sale in the subject neighborhood without an accessory unit as long as the appraiser can justify and support such use in the appraisal report. Appraiser must develop an accurate opinion of market value for the property.</p> <p>Additionally, to provide greater specificity, we are identifying an accessory unit as an additional living space that includes at least a kitchen, a bathroom, and a separate entrance and is independent of the primary dwelling unit.</p>

Refer to Underwriting Guidelines for complete details.