

WHOLESALE BULLETIN

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20W-063

Attention: AEs, Business Development Managers & Mortgage Brokers

May 1, 2020

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

Included in this Bulletin: **Monthly Bulletin Digest – April 2020**

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	20W-041	
Temporary Guidance for Conventional Originations due to the Impact of COVID-19	20W-042	<p>Fannie Mae and Freddie Mac are offering temporary measures to help ensure clarity and flexibility to continue to lend in a prudent and responsible manner.</p> <p>Effective with applications dated on or after April 14, 2020 through May 17, 2020, the following measures are being implemented. You are encouraged to apply these measures to existing loans in process, but they must be applied on or after April 14, 2020.</p> <p>Age of Documentation Age of documents are being modified to two months (60) days from four months (120 days) for most income and asset documentation. If an asset account is reported on a quarterly basis, the most recently issued quarterly statement is required.</p> <p>Third Party Employment verification will now require the vendor's database to be no more than 60 days old as of the note date.</p> <p>Standard age of document requirements will remain for Military Income documented using a Leave and Earnings Statement, Social Security, Retirement Income, Long Term Disability, Mortgage Credit Certificates, Public Assistance, Foster Care, or Royalty Payments.</p> <p>Due to the federal income tax filing extension granted through July 15, 2020, the following documentation requirements are being</p>

		<p>eliminated:</p> <ul style="list-style-type: none"> • A copy of the IRS Form 4868 (Application for Automatic Extension of Time to File U.S. Individual Tax Return), AND • IRS Form 4506-T (Request for Transcript of Tax Return) transcript to confirm “No Transcript Available” for the 2019 tax year. <p>All other requirements in regards to Allowable Age of Credit Documents and Federal Income Tax Returns continue to apply.</p> <p>Verification of Self Employment When using self-employment income to qualify a borrower, the existence of the borrower’s business must be verified within 120 calendar days prior to the note date. Due to latency in system updates or re-certifications using annual licenses, certifications, or government systems of record, additional steps must be taken to confirm that the borrower’s business is open and operating. This must be confirmed within 10 business days of the note date.</p> <p>Below are examples of methods that may be used to confirm the borrower’s business is currently operating:</p> <ul style="list-style-type: none"> • Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day self-employment is verified); • Evidence of current business receipts within 10 days of the note date (payment for services performed); • Certification the business is open and operating (confirmed through a phone call or other means); OR • Business website demonstrating activity supporting current business operations (timely appointment for estimates or service can be scheduled). <p>Market Based Assets Stocks, Stock Options, and Mutual Funds In light of current market volatility, the following updates are being made when the borrower is using stocks, stock options, or mutual funds for assets:</p> <ul style="list-style-type: none"> • When used for down payment or closing costs, evidence of the borrower’s actual receipt of funds realized from the sale or liquidation must be documented in all cases. • When used for reserves, only 70% of the value of the asset must be considered, and liquidation is not required.
<p>Temporary Suspension of MWF Jumbo 2 Products</p>	<p>20W-043</p>	<p>Effective immediately, the MWF Jumbo 2 Product will be temporarily suspended. These products are currently not available for new registration or locks.</p> <p>Loans under existing locks will continue to be processed.</p> <p>We will remove this suspension as soon as conditions permit. Meanwhile we look forward to serving you with our many other</p>

		product offerings.
Changes To GSFA Platinum, AZ Home PLUS and NHD Home is Possible Programs	20W-044	<p>Effective with locks on and after April 6, 2020, the master servicer for the GSFA Platinum, AZ Home PLUS and NHD Home is Possible Programs is implementing several changes to the FHA programs they service. U.S. Bank has made the following changes:</p> <p>Underwriting - Elimination of manual underwriting. Transaction Type - Elimination of FHA Streamline refinance transactions. Credit Score - For FHA loans with a FICO < 660, 1-month reserves and 6-months current employment history required.</p> <p>Please refer to the appropriate Matrix/Overview below:</p>
REVISED Temporary Guidance for 4506-T and Tax Transcripts Processing	20W-045	<p>We are allowing temporary flexibility to 4506-T Tax Transcript requirements due to the IRS processing delays associated with mortgage volume levels and the COVID-19 national emergency, effective immediately as follows:</p> <p>Signed 4506-T There is no change to the current requirement that the form 4506-T be executed by the borrower(s) and contained in the file so that income can be verified with the IRS at a later date.</p> <p>4506T Tax Transcripts Mountain West Financial® will continue to follow Bulletin 20R-027 with the exception of the April 15th date and some flexibilities on the documentation.</p> <ul style="list-style-type: none"> • USDA requires tax transcripts on all household members. When transcripts are unable to be obtained from the IRS, the file will need to be documented with correspondence to and from the IRS to support the omission. “Failure to file” tax returns when legally required to do so is not an eligible explanation. Borrower provided IRS transcripts must be attempted. • FHA Streamline and VA IRRRL non-credit qualifying transactions do not require 4506-T or Tax Return Transcripts. • 1040 Income Transcripts are required with flexibilities noted below. • 1099 Income – 1040 transcripts are required when 1099 income will be grossed up for qualifying. • When a 4506-T Tax Transcript from the IRS cannot be obtained in a timely manner, the underwriter may use the following alternative methods to confirm the borrower(s) income. <ul style="list-style-type: none"> ○ Copy of cancelled check(s) matching amount due the IRS if applicable. ○ Copy of deposit matching exact amount of any return using bank statement, deposit receipt, or

		<ul style="list-style-type: none"> ○ direct bank verification indicating the transaction. ○ Electronic filing receipt from IRS indicating the Declaration Number (DCN), and AGI that matches the return. ○ Transcripts provided by the IRS directly to the borrower match the return. ○ Letter from CPA validating the income on the 1040 along with the electronic filing receipt. ○ Stamped taxes from the IRS. ○ NOTE: The 1065 and/or 1120 income must pull through to the 1040. <p>Due to the federal income tax filing extension granted through July 15, 2020, the following documentation requirements are being eliminated:</p> <ul style="list-style-type: none"> • A copy of the IRS Form 4868 (Application for Automatic Extension of Time to File U.S. Individual Tax Return, AND • IRS Form 4506-T (Request for Transcript of Tax Return) transcript confirms “No Transcript Available” for the 2019 tax year. <p><i>Note: exception requests to Mountain West Financial® are NOT required.</i></p>
<p>DU and DO Release Notes DU Version 10.3 for April 2020</p>	<p>20W-046</p>	<p>During the weekend of April 11, 2020, Fannie Mae will implement the updates below to Desktop Underwriter Version 10.3.</p> <p>Risk and Eligibility Assessment In response to changing market conditions and to support sustainable homeownership, we are updating the DU risk and eligibility assessments. These changes are intended to help Fannie Mae’s customers better manage credit risk in the current market and provide sustainable options to borrowers. It is expected that these changes will result in a modest reduction in loan casefiles with high risk factors receiving an Approve/Eligible recommendation.</p> <p>Identification of Fannie Mae Owned Loans Fannie Mae Lender Letter LL-2020-04 specified temporary flexibilities to our appraisal inspection and report requirements that lenders may apply to limited cash out refinance transactions when the loan being refinanced is owned by Fannie Mae. To assist in applying these flexibilities, DU will issue a new message stating that the borrower’s existing loan has been identified by DU as a Fannie Mae loan. This message will be issued on limited cash out refinance loan casefiles when DU finds an active Fannie Mae first mortgage loan for the subject property address, and also confirms that the Social Security number (SSN) of at least one of the borrowers on the loan casefile matches one of the SSNs on the existing loan.</p> <p>New Message Related to Impact of COVID-19 DU will issue a new message that is issued on all loan casefiles reminding originators/underwriters to refer to all Fannie Mae Lender Letters related to the “Impact of COVID-19” for additional</p>

		instructions on temporary policies that may apply to the loan casefile.
DU for Government Loans Release Notes for April 2020	20W-047	<p>During the weekend of April 11, 2020, Desktop Underwriter for government loans will be updated to support the temporary policy updates related to COVID-19 announced by FHA in their Mortgagee Letter (ML) 2020-05 and to account for future FHA COVID-19 related policy announcements.</p> <p>Updated FHA Messaging On March 27, 2020, FHA announced temporary policy changes related to COVID-19. DU will add a new message the weekend of April 11, 2020, reminding lenders to confirm whether any COVID-19 specific policy rules may apply.</p> <p>Loan casefiles submitted or resubmitted on or after the weekend of April 11 will receive the new message. All applicable FHA guidelines should continue to be followed prior to DU issuing the reminder message the weekend of April 11.</p> <p><i>Note: This change will not impact the information sent to the FHA TOTAL scorecard by DU, it is informational only.</i></p>
Temporary Suspension of Open Door Products	20W-048	<p>Effective immediately, the Open Doors program has been temporarily suspended for new registrations and locks.</p> <p>Loans that are currently locked will proceed as usual.</p> <p>This suspension is temporary and will be lifted as soon as it is feasible to do so.</p> <p>During these ever-changing times, Mountain West Financial® remains committed to affordable housing and the communities that we serve and invite you to explore our other offerings for our borrowers</p>
Reinstatement of CalHFA Products	20W-049	<p>Great news! Mountain West Financial® is pleased to announce that the suspension of the California Housing Finance Agency (CalHFA) has been lifted.</p> <p>These great programs are once again active and available for immediate use.</p> <p>Loans in process are able to move forward, and new loans are available for registration and locks.</p>
GSFA Platinum Select Program Expansions	20W-050	<p>Great news! In honor of all their hard work and sacrifices during this time, GSFA is expanding the Platinum Select program to include Medical and Healthcare workers.</p> <p>Now these deserving employees are eligible for the Platinum DPA in the form of a non-repayable Gift versus the standard forgivable loan.</p>

		<p>This expansion includes anyone who is employed full or part-time by a hospital and/or any medical services facility.</p> <p>In addition to doctors and nurses, eligible positions include clerical, administrative and other employees of:</p> <ul style="list-style-type: none"> • Home Health Services (HHS) • Nursing homes • Doctor's offices • Medical research employees • Medical labs • Lab/medical office couriers <p>Other sectors that have traditionally been for the Platinum Select program are retired or active:</p> <ul style="list-style-type: none"> • Peace Officers, Sheriff Deputies, Border Patrol Agents, Correctional Officers and others serving in a Law Enforcement capacity and employees of the eligible agency. • Firefighters, CalFire, Paramedic, Emergency Medical Technicians (EMTs), including the employees of the eligible agency. • Current members of the California State Teachers Retirement System (CalSTRS), University of California Retirement Plan (UCRP), employees of a California accredited Private, Charter or Public School District or California State University, Junior College or Private College, including their school employees. Verify a K-12 school's accreditation at: http://directory.acswasc.org/ <p>Other points to note:</p> <ul style="list-style-type: none"> • Employees do not need to be tenured • Please have proof of eligible occupation ready to submit at time of lock <p>Should you have questions regarding eligible fields, please contact Strategic Products.</p>
Freddie Mac – Updated Guidance Related to COVID-19	20W-051	See Bulletin for Complete Details
VA Loans - Temporary Appraisal Guidelines Related to COVID-19	20W-052	See Bulletin for Complete Details
CalHFA Debt to Income Ratio Change	20W-053	<p>Mountain West Financial® is committed to bringing you the most up to date and current information to help paint a clear picture for your business in these ever-changing times.</p> <p>Effective with loans locked on and after May 1, 2020, the maximum Debt-To-Income (DTI) ratio will be 43% for all CalHFA products.</p>

		<p>CalHFA FHA manually underwritten loans will remain at a maximum of 43% DTI.</p> <p>Loans not locked by April 30th that have a DTI in excess of 43% will be subject to cancellation.</p> <p>Please check your loans and leads to ensure your loans >43% DTI are locked in a timely manner.</p>
Changes to Renovation FICO Requirements	20W-054	<p>Mountain West Financial® is proud to provide you with a variety of products in today's market, including renovation lending products. As we continue to assess risks in the current environment, it has become necessary to make a slight adjustment to these products.</p> <p>Effective with loans locked on or after April 20, 2020, the minimum FICO score for all renovation products will be 680. Renovation products include the FHA 203k program and the conventional HomeStyle Renovation program.</p>
Fannie Mae – Updated Guidance Related to COVID-19	20W-055	See Bulletin for Complete Details
GSFA Platinum FICO Changes	20W-056	<p>In keeping with the ever-changing market conditions, GSFA has announced an increase to the minimum FICO score for its FHA Platinum loans.</p> <p>Effective with Locks on and after today, Monday, April 27, 2020, all FHA Platinum loans must have a minimum FICO score of 660.</p> <p>Platinum loans locked prior to April 27th are not affected by this change.</p> <p>Please keep in mind, this FICO change applies to FHA Platinum loans only. Conventional Platinum minimum FICO remains 640 and Conventional Platinum No MI loans remain at 660.</p>
Introducing My Choice Texas Home Program	20W-057	<p>Mountain West Financial® has expanded our offerings to include My Choice Texas Home.</p> <p>Texas Department of Housing and Community Affairs (TDHCA)'s My Choice Texas Home provides homebuyers with a 30-year fixed rate, fully amortized 1st mortgage with down payment assistance of up to 5% of the loan amount. Other highlights include:</p> <p><u>My Choice Texas Home</u></p> <ul style="list-style-type: none"> • FHA and FNMA HFA Preferred options • 1003 income is used for program eligibility purposes - not total household income • 80% AMI • No first-time homebuyer requirement • 1 unit SFRs, Condominiums and Manufactured homes are eligible property types • FICO as low as 620 • Sales price limits by county

		<ul style="list-style-type: none"> • DTI: AUS approval • Manual underwriting (FHA only) up to 45% DTI • Homebuyer education is required. No cost online courses are available at: Texas Homebuyer U! <p><u>Down Payment and Closing Cost Assistance</u></p> <ul style="list-style-type: none"> • 0% interest, deferred payments for life of loan, 2nd lien • Choose an amount of 4% (FHA) or 3% or 5% (Conventional) of the loan amount • Due upon sale, transfer, refinance, property becomes no longer owner-occupied or payoff of the 1st mortgage • The TDHCA Mortgage Credit Certificate (MCC) is not available with MCTH, regardless of first time home buyer status <p><u>Originating and Processing</u></p> <ul style="list-style-type: none"> • 0% Origination fee. Broker will earn 1.75% from MWF • MWF will accept locks from 8:30 AM to 4:00 PM PT • Broker provides a complete application package • MWF will issue initial disclosures <p>MWF will process any subsequent and final disclosures</p>
Changes to TCF HELOC Program	20W-058	<p>Effective May 4, 2020, TCF is temporarily discontinuing their Piggyback HELOC program. All complete loan submission packages received by Thursday April 30th, 5PM Pacific Time will receive current pricing and guidelines. Files currently in process with TCF will not be affected.</p> <p>Complete loan submission packages include:</p> <ul style="list-style-type: none"> • Completed Demographic Addendums (all questions answered) • Executed Form 765 <p>In these rapidly changing times, Mountain West Financial® is here to support you and help your business continue to flourish. We offer a vast product lineup and may have other products that benefit your clients.</p>
Retirement of LIBOR ARMs	20W-059	<p>In preparation for the transition away from the LIBOR index, Mountain West Financial, Inc. will be retiring all Fannie Mae and Freddie Mac Conforming and High Balance/Super Conforming ARM products as of May 1, 2020.</p> <p>All LIBOR-indexed ARM loans must be locked no later than Thursday, April 30, 2020.</p> <p>We look forward to offering Secured Overnight Financing Rate (SOFR) based ARMs in place of LIBOR ARMs in the future. Stay tuned for a subsequent bulletin with all the details.</p> <p>Note: All impacted product matrices and underwriting guidelines will be updated to reflect this change.</p>

<p>Temporary Suspension of TDHCA Conventional Programs</p>	<p>20W-060</p>	<p>Due to changes in this volatile market, the Texas Department of Housing and Community Affairs (TDHCA) has announced the temporary suspension of its My Choice Texas Home Conventional program. The last day to lock loans under this product type is April 30, 2020. All loans locked through April 30, 2020 will remain in the pipeline and will be processed as usual.</p> <p>TDHCA has great FHA loan options to offer, such as the My Choice Texas Home and My First Texas Home. Each of these loans come with 4% DPA, FICOs as low as 620 and DTIs up to 45%.</p>
<p>AzIDA Home+PLUS FHA Income Limit Increase</p>	<p>20W-061</p>	<p>Great news! Effective with loans locked on and after May 1, 2020, Home+PLUS income limits are increased to \$109,965.</p> <p>This increase affects the Home+PLUS FHA and the FNMA HFA Preferred >80% AMI options.</p> <p>The income limits for FNMA Preferred <80% borrowers remains at the limits set by county.</p>
<p>Introducing GSFA Platinum FHA 5% DPA Option</p>	<p>20W-062</p>	<p>Golden State Finance Agency (GSFA) and Mountain West Financial® have long been committed to affordable housing. In keeping with such, the GSFA Platinum FHA program with 5% assistance is now available.</p> <p>Repeat and first-time homebuyers alike can now enjoy the benefits of an FHA first mortgage with 3%, 4% and now 5% in down payment and closing cost assistance.</p> <p>This increased assistance will help more borrowers purchase their California home, whether it be a 1-2-unit Single Family Residence (SFR), Condominium, Planned Unit Development (PUD) or Manufactured Home.</p>

Refer to individual Bulletins for complete details.