

WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

[Guidelines](#)

[Bolt Training](#)

[Wholesale Website](#)

[Previous Bulletins](#)

20W-077

Attention: AEs, Business Development Managers & Mortgage Brokers

June 1, 2020

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

Included in this Bulletin: **Monthly Bulletin Digest – May 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-063	
May Special - Reduced Underwriting Fee Grocery Store Employees	20W-064	<p>Great News!! As a “May Special,” Mountain West Financial® is offering a reduced Underwriting Fee for Grocery Store Employees through the month of May. We are supportive of the risk they take coming into work to feed our communities, therefore we want to make life a little easier for them.</p> <p><u>Highlights</u></p> <ul style="list-style-type: none"> • \$350 reduced Underwriting Fee • Borrower or co-borrower must be employed by a Grocery Store. <i>(Convenience store, restaurant, fast food, liquor store workers, etc. are not eligible)</i> • All Purchase loan programs except BOND/PATH Loans • No FICO restrictions • Loan application must be dated May 1st to May 31st. <p><u>Origination/Submission Steps</u></p> <p>Whichever borrower whose income is earned through a grocery store, must be listed as the primary borrower for the initial submission only. This is for proper program identification. They can be changed back to a co-borrower status after the initial submission. All national chains are already entered into the system for identification. For local grocery stores, please enter the name of the place of employment and include the word “grocery”. This provides the identification that is needed.</p>

<p>DU and DO Release Notes DU Version 10.3 for May 2020</p>	<p>20W-065</p>	<p>During the weekend of May 16, 2020, Fannie Mae will implement an update to Desktop Underwriter (DU) Version 10.3. Unless specified below, the changes in this release will apply to DU Version 10.3 loan casefiles submitted or resubmitted on or after the weekend of May 16, 2020.</p> <p>See Bulletin for full details.</p>
<p>Freddie Mac 2020-14 – Updated Guidance Related to COVID-19</p>	<p>20W-066</p>	<p>Extension of Temporary Changes from Previous Bulletins</p> <p>Freddie Mac is extending the temporary requirements and flexibilities that were effective for Mortgages with Application Received Dates through May 17, 2020 to Mortgages with Application Received Dates through June 30, 2020 for the following:</p> <ul style="list-style-type: none"> • Credit underwriting requirements announced in Freddie Mac Bulletins 2020-5 and 2020-8 • Appraisal flexibilities announced in Bulletins 2020-5 and 2020-11 • Condominium Project flexibilities announced in Bulletin 2020-11 • Power of Attorney flexibilities announced in Bulletin 2020-8 <p>See Bulletin for full details.</p>
<p>Elimination of CalHFA Sales Price Limits</p>	<p>20W-067</p>	<p>In an effort to help more borrowers purchase their home, CalHFA is eliminating sales price limits.</p> <p>Effective with loans locked <i>on and after June 1, 2020</i>, CalHFA will not impose a sales price limit for any of their loans.</p> <p>Please continue to follow the Income Limits for the appropriate county as well as the Loan Limits for FHA loans.</p>
<p>Introducing Colorado Housing Finance Authority (CHFA) SmartStep</p>	<p>20W-068</p>	<p>Every borrower’s scenario is unique, and while there have been many programs suspended or modified recently, Mountain West Financial® has been working hard to bring new offerings to our Originators. To meet the needs of more borrowers, we now offer CHFA’s SmartStep program.</p> <p>SmartStep is an FHA 30-year fixed-rate 1st mortgage with no DPA.</p> <p>Program parameters are the same as the existing SmartStep Plus program:</p> <ul style="list-style-type: none"> • Available throughout Colorado • Not limited to first time homebuyers • Attractive interest rates • Borrower’s qualifying income is used, not household income • DTI as high as 55% • May be layered with a Mountain West Financial® approved community second DPA program and Mortgage Credit Certificate (MCC)

Temporary Self Employment Guidance During COVID-19	20W-069	<p>Mountain West Financial® (MWF) is dedicated to making quality loans that provide a benefit to the borrower. MWF has been reviewing self-employed borrowers and based on the data MWF has created the following temporary guidance. This guidance will be reevaluated as we work through the COVID-19 pandemic impact.</p> <p>See bulletin for complete details.</p>
4506-T Transcripts Required	20W-070	<p>Effective immediately, Mountain West Financial will again require IRS transcripts where applicable.</p> <p>Please refer to Retail Bulletin 20R-27 for guidance.</p> <p>The IRS is currently working on orders from March 26th. Turn times are extended well over typical turn times of 5 – 7 business days.</p> <p>MWF will require transcripts to be in loan files for loans funded on or after June 12, 2020.</p> <p>Mountain West Financial will revisit this guidance as the month progresses, should it take longer for the IRS to get back up and running in a timely manner.</p>
USDA Single Family Housing Guaranteed Loan Program Updated Income Limit for Fiscal Year 2020	20W-071	<p>Updated Income Limits have been posted by USDA for Single Family Housing Guaranteed Loan Program (SFHGLP) for Fiscal Year 2020 effective May 4, 2020.</p> <p>The Guaranteed Underwriting System (GUS) and the Income Eligibility calculator on the USDA website have been updated with the new income limits.</p> <p>Please refer to the SFHGLP webpage for additional information.</p>
Changes to Hazard and Flood Insurance Effective Dates on Refinance Transactions	20W-072	<p>Mountain West Financial®'s current policy regarding effective dates for individual hazard and flood insurance policies on refinance transactions has required the borrower to renew their existing policy if they do not have at least 60 days remaining on the current policy from the date of funding. See below update to this policy.</p> <p>Refinances: A copy of the borrower's current policy is required. The policy expiration date must be no later than 45 days from the date of loan closing. If the hazard insurance policy will expire in less than 45 days, evidence of a new policy is also required.</p>
Open Doors and HOT Programs Announcement	20W-073	<p>Good news! Effective May 22, 2020, the temporary suspension of Open Doors FHA has been lifted! Yes, once again, Open Doors is available to serve borrowers across California:</p> <ul style="list-style-type: none"> • FHA 30-year 1st mortgage for purchase of primary residence • Down payment and closing cost assistance up to 6.5%* of the final 1st mortgage loan amount, including MI

		<ul style="list-style-type: none"> • Down payment assistance (DPA) is in the form of a 2% deferred, 0% interest 2nd lien and up to 4.5% as a gift • No first time homebuyer requirement • Borrower may own other property • Minimum FICO 680 • Manual underwriting is allowed • Loan to Value (LTV) 96.5%/Cumulative LTV (CLTV) 105% • Single family properties only; 1-unit SFR, condos, PUDs, townhomes are eligible property types <p>Properties with resale restrictions are not eligible (exception; MWF-approved restricted properties for age 55+ are acceptable).</p> <p>More Good News! Open Doors Conventional is now available:</p> <ul style="list-style-type: none"> • HFA Advantage 30-year 1st mortgage for purchase of primary residence • Down payment and closing cost assistance up to 7% of the final 1st mortgage loan amount, including MI • Down payment assistance (DPA) is in the form of a 3.5% deferred, 0% interest 2nd lien and up to 3.5% as a gift • No first time homebuyer requirement • Borrower may own other property • Minimum FICO of 620 with LPA approval for borrowers with incomes at or below 80% Area Median Income (AMI) • Properties with resale restrictions are not eligible (exception; MWF-approved restricted properties for age 55+ are acceptable) <p>Lastly, in our ongoing endeavor to streamline products and processes to better serve our Originators, Mountain West Financial® is retiring the GSFA HOT program. With the expansion of the Open Doors program we feel confident that the needs of your borrowers will be met.</p> <p>Please review any HOT prospects you may have and consider the Open Doors program, or another Affordable Housing program from our repertoire.</p>
<p>Temporary Eligibility Requirements for Purchase and Refinance Transactions</p>	<p>20W-074</p>	<p>In an effort to support responsible lending and sustainable homeownership during this unprecedented COVID-19 pandemic, both Fannie Mae and Freddie Mac have announced Temporary Eligibility Requirements for Purchase and Refinance Transactions describing their requirements for borrowers to obtain a new mortgage loan to purchase or refinance a property.</p> <p>Effective immediately for loans in process and loans with application dates on or after June 2, 2020, the following policies will be in place until further notice:</p> <p>Borrower’s credit report must be continued to be reviewed to determine the status of all mortgage loans. In addition to</p>

		<p>reviewing the credit report, MWF must also apply due diligence for each mortgage loan on which the borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine whether the payments are current as of the note date of the new transaction. For the purposes of these requirements, “current” means the borrower has made all mortgage payments due in the month prior to the note date of the new loan transaction by no later than the last business day of that month. Loans may show in forbearance and still be current. Examples of acceptable additional due diligence methods to document the loan file include:</p> <ul style="list-style-type: none"> • A loan payment history from the current servicer or third party verification service • A payoff statement (for mortgages being refinanced) • The latest mortgage account statement from the borrower • A verification of mortgage
<p>Temporary Appraisal Rush Fee Guidelines</p>	<p>20W-075</p>	<p>Based on current COVID–19 guidelines, the CFPB is <u>temporarily</u> allowing an appraisal rush fee to be considered a valid Change of Circumstance and can be included in a redisclosure to the borrower. Following established Change of Circumstance redisclosure guidelines will allow branches to avoid a cure for this fee.</p>
<p>Open Doors FHA and Conventional Updates</p>	<p>20W-076</p>	<p>Great news! Effective immediately, Open Doors FHA minimum FICO has been decreased to 640. Now, more borrowers can qualify for the benefits of Open Doors FHA with up to 6.5% down payment and closing cost assistance.</p> <p>Additionally, the minimum FICO for manual underwriting of Open Doors FHA loans is now 640 with a maximum debt-to-income (DTI) of 43% with 2 months’ reserves.</p> <p>The above changes do not affect the Open Doors Conventional.</p> <p>For Open Doors Conventional, borrowers >80% AMI will no longer be required to have charter level coverage. Follow LPA.</p> <p>For complete program details, refer to the website.</p>

Refer to individual Bulletins for complete details.