

# Home Savings of America

Wholesale Lending

## BROKER BULLETIN



### Summary

#### All Loans

1. Include legal descriptions with appraisal orders

#### FHA and VA

2. FHA Jumbo Loan Amounts will be increased
3. FHA and VA Condo and PUD Requirements Updated
4. VA Funding Fee remains unchanged

#### Conforming Conventional

5. Guideline Updates
  - a. Rental income – more options when income is not used in qualifying
  - b. Earnest Money sources
  - c. DU Refi Plus – Condominium/PUD Project review required

#### USDA

6. Guideline Updates
  - a. Sourcing non-payroll deposits
  - b. Monthly Guarantee Fee escrow requirements
  - c. Appraisal Review requirements

### Detailed Requirements

#### All Programs

1. Legal Descriptions on Appraisal requests

To confirm requests from our appraisal management companies (AMCs), all appraisal orders require a copy of the legal description. Upload the document containing the legal description (preferably the preliminary title commitment if available) with the order request. This is due to enhanced appraisal scrutiny by our investors.

Failure to do so will not cause delays in assigning the appraiser; however, appraisal acceptance will be held up if the appraisal does not contain a full and accurate legal description.

#### FHA and VA

2. FHA Loan amounts raised

Last week, Congress raised the FHA loan limits to the previous ‘temporary’ limits, as high as \$729,750 in some areas. Mortgagee letters will be forthcoming as to effective dates.

*We will inform you when we can accept FHA loan applications at the higher maximum loan amounts.*

3. FHA and VA Condominiums and PUDs

Both FHA and VA require evidence that condominium and PUD homeowner’s association assessments are subordinate to the first lien. To meet FHA and VA requirements, the

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following must be documented:

### **Colorado And Any Other State In Which Homeowner's Assessments Take "Super Lien" Position**

- In Colorado, HOA assessments take precedence over all other liens on the property. Therefore, regardless of whether the property is an FHA or VA approved condominium or a PUD, one of the following must be provided prior-to-close:
  - A copy of the homeowner's association by-laws indicating that HOA assessments are subordinate to mortgage liens, or
  - A subordination agreement executed by a representative of the homeowner's association indicating that all current and future HOA assessments are subordinate to the first lien mortgage.

### **States In Which Homeowner's Assessments Do Not Take "Super Lien" Position**

- **For FHA and VA approved condominiums**, evidence of condominium approval is sufficient to demonstrate HOA assessments are subordinate to the first lien and no further documentation is required.
- **For FHA and VA loans secured by a PUD**, one of the following must be provided prior to closing:
  - A copy of the homeowner's association by-laws indicating that HOA assessments are subordinate to mortgage liens.
  - A subordination agreement executed by a representative of the homeowner's association indicating that all current and future HOA assessments are subordinate to mortgage liens.
  - The title commitment stating the title company will insure over any HOA assessment liens.
  - Letter on letterhead from the title company indicating that HOA assessments cannot take first lien position in the state in which the property is located.
  - Please note that 60-day letters may not be provided in lieu of one of the documents listed above.

#### **4. VA Loans**

##### **VA Funding Fee**

As a result of Congressional Action, the standard funding fee schedule set forth in the VA Lender's Handbook is again law through Fiscal Year 2016

### **Conforming Conventional**

#### **5. Guideline updates**

##### **Documenting subject property rental income when it is not used to qualify**

When rent from the subject property is not being used in qualifying, an additional option for providing gross rental income is now available – obtaining a statement from the borrower. All options are listed below

##### **Rental income is NOT used in qualifying**

- One unit properties: one of the following is required to document current/market rent:
  - A current lease **or**
  - 216 **or**
  - 1007 **or**
  - Written statement from the borrower or an addition to the 1003, with the gross rent for each unit listed separately.

##### **Down Payment Source and Amount**

As a requirement of Uniform Loan Data Delivery (ULDD), each Down Payment Source and Amount needs to be clearly and separately identified on the 1003 for all Purchase Transactions.

**DU Refi Plus Condominium and attached PUD Project Review**  
Condominium

A Limited Project review is allowed on owner occupied transactions  $\leq 90\%$  LTV/CLTV-HCLTV; Second Homes  $\leq 75\%$  LTV/CLTV-HCLTV. An Established Project Review is required on all investment properties and on O/O and SH that exceed the LTV/CLTV-HCLTV limits above.

Attached PUD: Attached PUD questionnaire is required

**USDA**

**6. Guideline Updates**

**Sourcing and Documenting Large deposits**

Any non-payroll deposits  $\geq \$100$  must be sourced or seasoned.

**Locks/Pipeline**

All changes are effective immediately

**Questions**

If you have any questions, contact your Wholesale Community Banker.

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