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Summary

1. DU Refi Plus
 - a. Credit score for SH and NOO increased
 - b. Borrower Benefit changes
2. Attorney signing HUD for sellers in New York now accepted
3. 4506T review requirements – confirm taxes are paid

Detailed Requirements

1. DU Refi Plus changes on Credit Score and Borrower Benefit Requirements

Effective date:

For new submissions: effective immediately

For loans previously submitted: all loans affected by this change must be locked by Friday, January 13, and funded by HSOA by January 31, 2012.

A. Minimum credit score for second home and Investment properties is increased to 680 (from 660). These changes apply to standard loan limits and FNMA High Balance loans. Owner Occupied transactions continue to require 660 minimum credit scores.

B. For borrowers refinancing into a more stable loan (example: ARM to fixed), the maximum P&I increase is 20% (previously there was no limitation).

2. Attorney signing HUD for sellers on New York properties

Effective date: Immediately; applies to conforming Fixed and LIBOR ARMs and its related overlays, Home Savings Direct and HS Direct High Balance, FHA, and VA loans.

For loans that do not require exception approval, the property seller's attorney may sign the HUD-1 for the seller.

For loans requiring Investor exception approval, the attorney may not sign for the seller; the seller's signature is required.

3. 4506T review requirements – taxes due

Effective date: Immediately

When reviewing 4506T validations, review the information to confirm taxes having been paid. If the 4506 reflects that taxes are still due and not yet paid, the file is to be conditioned for evidence of the borrower having paid the taxes due, and to document the source for paying the taxes.

If the borrower had previously entered into arrangements with the IRS for a payment schedule, provide the repayment agreement, evidence of payments having been paid, and include the ongoing payments in the ratios. If no agreement had been previously arranged, the taxes must be paid in a lump sum prior to closing.

Locks/Pipeline

As indicated above

Questions

If you have any questions, contact your Account Executive.

For broker use only.
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FDIC

