



Wholesale BROKER BULLETIN

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Summary

FHA and VA Loans

1. **Processing requirements updated to match conforming loan requirements:**
 - a. **Sourcing Large Deposits**
 - b. **Verbal VOEs**
 - c. **Credit Doc expiration**
 - d. **4506-T processing requirements**

FHA Loans

2. **Non-Arms Length information updated**

USDA Loans

3. **Manual Underwriting requirements softened**

Detailed Changes

The Conforming Fixed and LIBOR ARMs and related overlays are dated January 30, 2012. All other Product Summaries and Program Descriptions have been updated to include all announcements published through January 31, 2012, and reflect the date of February 1, 2012. Additional material changes that have been incorporated include the items listed below.

FHA and VA Loans

1. Processing Requirements

The following items, all added to the Conforming Product summaries in the January 30 revisions, have been incorporated into the FHA and VA Products:

- Sourcing and documenting large deposits required for non-payroll deposits exceeding \$500 individually or in the monthly aggregate
- Verbal VOEs are required to be completed within 3 days of Note date
- Credit documents expire as of the HSOA funding date, not Note Date
- 4506-T processing requirements if the most recent calendar year tax return transcripts are not validated

FHA Loans

2. Non-Arms Length Transactions

Additional clarification as to requirements has been added, and one scenario for NAL transactions has been modified (the other scenarios not listed below are still accepted).

FHA refers to NAL transactions as Identity-of-Interest transactions on principal residences are restricted to a maximum loan-to-value of 85%. Identity-of-Interest is defined as a transaction between buyer and sellers who are family members, personal relationships, business partners or other business affiliates; in other words, a direct relationship between any of the parties to the transaction including, buyer, seller, employer, lender, broker, appraiser, etc.

A non arms length transaction may not be used to bail out a family member or any other owner with an established relationship to the borrower from a delinquent mortgage.

- The title commitment may not show any evidence of foreclosure proceedings or NOD.
- If the seller is a corporation, partnership or any other business entity, there must be proof that the borrower is not an owner of the business entity selling the subject property.

Scenario change:

- If a property being sold from one family member to another is the seller's investment property, the maximum mortgage is 85% of the appraised value or sale price, whichever is lower (previously allowed 85% of the appraised value or 96.5% of the sales price)

USDA Loans

3. Manual Underwriting

Requirement mandating manual underwriting has been softened to exclude alimony and child support being added as an obligation

If creditor tradeline debts were not listed on the credit report but manually entered into GUS, an "Accept" recommendation must be downgraded to a "Refer" and manually underwritten. The file is eligible as a manual underwrite IF the debts were listed on the initial 1003 AND are one of the following debts:

- Paystub loans
- Credit union or small community bank loans

If there are any other obligation not on the credit report, or if the borrower failed to disclose the above obligations on the initial 1003, the loan is ineligible for HSOA financing.

Manual downgrade is not required if any of the following obligations are added:

- Alimony
- Child support
- Non-purchasing spousal debt (in a community property state)

Locks/Pipeline

As above

Questions

If you have any questions, contact your Wholesale Account Executive.

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