

# Home Savings of America

Wholesale Lending

## BROKER BULLETIN



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Effective: Immediately

Issued: May 18, 2011

### Home Savings Direct is now available!

Home Savings Direct is now available for locks and underwriting submissions beginning Wednesday, May 18, 2011. Please see the updated information on Manual Underwriting below.

For a full product summary please go to: [www.hsoawholesale.com/product-summaries/index.htm](http://www.hsoawholesale.com/product-summaries/index.htm)

Manual Underwriting transactions for disputed tradelines			
<b>NOTE: eHome and DU are NOT programmed to determine Manual Underwriting Eligibility</b>			
Property Type	Transaction type	Maximum LTV / CLTV	Minimum Credit Score
1 Unit Primary Residence	P, R/T	80% / 80%	660
		75% / 75%	620
1 Unit Primary Residence	C/O	80% / 80%	680
		75% / 75%	620
2-4 Units Primary Residence	P, R/T, C/O	75% / 75%	680
1 Unit Second Home	P	75% / 75%	720
1 Unit Investment			
1 Unit Investment	R/T	70% / 70%	720
2-4 Unit Investment	P, R/T	70% / 70%	720
FNMA High Balance and	Follow the High Balance matrix, except maximum 80% LTV		

### Manual Underwrite for Disputed Trade lines

**NOTE: eHome and DU are NOT programmed to determine Manual Underwriting Eligibility**

Loan must have received a DU Approve/Eligible recommendation, but is determined to be ineligible because of insignificant disputed trade lines. It is NOT for a transaction receiving a Refer, Caution, or Out-of-Scope recommendation.

**Borrower Eligibility**

- Non-Permanent Resident Alien is not eligible.
- Non-occupant Co-borrowers are not allowed.

**Gifts**

Not Allowed

**Secondary Financing**

Not Allowed

**Minimum Trade Lines**

Because manual underwrites are accepted only when DU initially issues an Approve/Eligible finding, no minimum number of trade lines is required. However, 'thin credit files' or a preponderance of dated trade lines are considered additional risk layers, and will be considered by the underwriter in the overall risk analysis.

**Credit Requirements**

Credit Profile must reflect no history of late payments, other than isolated consumer lates

- Mortgage history cannot exceed 1X30 in past 24 months; isolated late payments on installment or revolving accounts accepted.
- No Bankruptcy, Foreclosure, pre-foreclosures, short-sales or short payoffs in the past 7 years
- No pattern of collections, charge-offs or judgments.

If the reason for manual underwrite is being unable to resolve a disputed tradeline, the 1008 comments are to reflect how the underwriter determined the dispute as being insignificant. Acceptable examples include:

- Dispute related to balance amount, not pay history, provided the balance generally does not exceed \$1,000.
- Dispute is more than X years old, and there are no other derogatory tradelines
- Disputed item is only \$xxx, an isolated obligation compared to borrower's overall profile

**DTI Ratio Limitations**

Maximum qualifying ratios are 33/38%. Files with strong compensating factors may be accepted up to a maximum of 40.00/40.00%.

**Reserves on Manually Underwritten Loans**

# financed properties owned	Owner Occupied	Second Home	Investment	Primary with a conversion of primary residence
1-4	1 unit properties: 2 months  2-4 unit properties: 6 months	2 months reserves for each residential property owned, excluding the primary residence or those owned free and clear.	6 months reserves on subject property investment property, plus 2 months reserves for each other residential property owned, excluding the primary residence or those owned free and clear	If $\geq 30\%$ in property being vacated, 2 months on primary and property being vacated  If $< 30\%$ in property being vacated, 6 months on primary and property being vacated
5-10		2 months for subject property, plus 6 months for each other SH or Investment property owned	6 months for subject property, plus 6 months for each other SH or Investment property owned	

Underwriters must manually apply DU's reserve requirements to all transactions.

**Documentation Requirements**

File must contain the Initial DU findings, with the specific condition identified that makes the loan ineligible noted on the findings report and on the 1008. In all other respects, the loan is not eligible for ANY documentation or eligibility relief afforded by DU.

**The loan is NOT eligible for any DU documentation relief. The file must contain:**

- **Two full years of income and employment documentation; for self-employed borrower, file must have 2 full year tax returns, plus YTD P&L and balance sheet.**
- **Two months bank statements for all assets.**
- **Reserves must be documented as indicated above.**
- **Subject rental properties: FNMA form 1007 and 216, even if rental income is not being used to qualify**
- **Rental Income: borrower's tax returns must document 2 years of**

owning and managing rental property.

· **Condominium review: Limited review is allowed on owner occupied loans with  $\leq 80\%$  LTV/CLTV or second homes with  $\leq 75\%$  LTV/CLTV; transactions exceeding those limits and all investment properties require an established project review.**

### Systems Accuracy

#### eHome

eHome does NOT check the loan parameters for meeting the manual underwriting requirements

### Questions

If you have any questions, contact your CB.

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