



WINTRUST MORTGAGE™

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BULLETIN HIGHLIGHTS

- ❖ Choice FHA Products –
 - Maximum CLTV on FHA Refinances with New Subordinate Financing
 - Conventional and FHA Restructured Loans.
 - Maximum Real Estate Commission on FHA Loans.
- ❖ Unlimited FHA and VA Products –
 - FHA and VA Net Tangible Benefit Policy.

CHOICE FHA PRODUCTS

Maximum CLTV on FHA Refinances with New Subordinate Financing

Effective Date: January 13, 2009

The maximum combined loan-to-value (CLTV) on FHA rate and term refinance transactions with new subordinate financing is 100%.

“New” subordinate financing, for the purpose of this guideline, is defined as secondary financing:

- ❖ originated concurrently or within six months prior to the closing date of the subject FHA refinance transaction, and
- ❖ not part of the original purchase transaction.

Conventional and FHA Restructured Loans

Effective Date: January 12, 2009

As announced on October 30, 2008, Restructured loans are not eligible for conventional (conforming and non-conforming) financing.

Effective January 12, 2009, restructured loans are also not eligible for government (FHA/VA) financing.

A restructured or short payoff loan is a mortgage loan in which the terms of the original transaction have been changed, resulting in either the absolute forgiveness of debt or a restructure of debt through either a modification of the original loan or origination of a new loan.

Maximum Real Estate Commission on FHA Loans

Effective Date: January 12, 2009

Effective immediately, any aggregate real estate sales commission greater than 8% of the sales price of the subject property is considered an excessive real estate commission. The portion of the aggregate commission greater than 8% must be deducted from the sales price for underwriting purposes.

The appraiser is required to review the purchase contract, comment on any excessive sales commission, and take this into consideration when arriving at the final conclusion of value. If sales are affected by sales concessions, adjustments must be made to reflect the impact on market value. Regardless of the value conclusion, the amount of any sales commission that accordingly. The loan-to-value/combined loan-to-value should then be calculated using the lower of this adjusted sales price or the appraised value.

UNLIMITED FHA and VA PRODUCTS

FHA and VA Net Tangible Benefit Policy

Effective: 1/20/09

All Unlimited FHA and VA Products locked on or after January 20, 2009, borrowers must receive a net tangible benefit when applying for either an FHA Streamline Refinance or a VA Interest Rate Reduction loan.

Based on the payment decrease (principal and interest only), the borrower is expected to be able to recoup all costs associated with the loan – closing costs and discount points in a three year period. **Prepaid expenses, Yield Spread Premiums, UFMIP, and VA Funding Fee are not to be included in the calculation.**

Any VA or FHA loan that is converting from an **ARM to a Fixed Rate Mortgage** is not subject to the policy to demonstrate the ability to recoup costs associated with the transaction; however, the costs associated with the transaction are expected to be reasonable and customary.

Any VA or FHA loan where the **amortization term of the loan is decreasing by 5 years or more** is not subject to the policy to demonstrate the ability to recoup costs associated with the transaction; however, the costs associated with the transaction are expected to be reasonable and customary.

Example of Acceptable costs:

- ❖ Borrower's monthly payment decreases by \$50.00.
- ❖ Borrower pays \$1,800 in closing costs.
- ❖ Calculation to recoup closing costs in 36 months - \$1,800 divided by \$50.00 savings per month = 36 months.

In this example, the borrower would recoup closing costs.

Example of unacceptable costs:

- ❖ Borrower's monthly payment decreases by \$15.00.
- ❖ Borrower pays \$1,800.00 in closing costs.
- ❖ Calculation to recoup closing costs in 36 months- \$1,800 divided by \$15.00 savings per month = 120 months.

In this example, it would take the borrower 10 years to recoup the closing costs on this refinance, which is clearly not a benefit to the borrower.

Regardless of the above calculation, all loans must meet High Cost Predatory Lending requirements.