



WINTRUST MORTGAGE™

BULLETIN # 09-0216-2

February 16, 2009

BULLETIN HIGHLIGHTS

- ❖ **UNLIMITED Products – Conventional Seasoning Requirements, FHA Clarification**

UNLIMITED

Unlimited Conventional Products – Seasoning requirements updates

Rate and Term/Cash Out Refinance section of the Conventional Credit Policy Manual. These changes are specific to Unlimited Conventional Products our seasoning requirements on refinance transactions and what allowable exceptions may be made.

Rate/Term Refinance- Seasoning Requirements

- ❖ Borrower must be on the current mortgage being paid off a minimum of 6 months prior to application date; AND
- ❖ Borrower must have been on title, as an individual or an approved living trust, for a minimum of 6
- ❖ months prior to application date; OR
- ❖ On title of a property that was owned free and clear prior to being transferred to the borrower; OR
- ❖ Have inherited the property Exceptions to Seasoning Requirements Evidenced by the previous HUD-1 that the borrower did not receive any cash back on refinance transactions and provided the minimum required investment into the transaction on purchases; OR
- ❖ Evidenced that the previous cash out was a result of an executed court order (such as divorce, etc.) or extenuating medical circumstances; OR
- ❖ Evidence that the previous cash out resulted in significant enhancements or rehabilitation of the
- ❖ subject property (copy of previous appraisal and documentation of all enhancements or rehabilitation will be required)

Cash Out -Seasoning Requirements

- ❖ Borrower must be on the current mortgage being paid off a minimum of 6 months prior to application date; AND
- ❖ Borrower must have been on title, as an individual or an approved living trust, for a minimum of 6
- ❖ months prior to application date; OR
- ❖ On title of a property that was owned free and clear prior to being transferred to the borrower; OR
- ❖ Have inherited the property

There are no exceptions to the Seasoning Requirements on Cash Out Transactions.

Unlimited FHA 3.5% Down Payment Clarification –

FHA Revised Down Payment and Maximum Mortgage Requirements that were effective on any new FHA loan with a Case Number assigned on or after January 1, 2009.

HUD has provided clarification that the new 3.5% minimum down payment requirement is applicable to all FHA Purchase Transactions, including Section 203(k) and EEM Mortgages. **Section 203(h) does not require the minimum 3.5% down payment requirement.** HUD did not provide a Mortgage Letter specific to this decision.

Unlimited FHA Product Profile Update

We have received confirmation and clarification from HUD regarding refinance transactions and exceeding current geographical loan limits:

- ❖ **Refinance Rate and Term** - Any FHA Insured to FHA R/T Refinance may exceed the current (or future) geographical loan limits, based on the applicable calculations for determining max loan amount. Non-FHA Insured R/T Refinances may not exceed current geographical loan limits.
- ❖ **Refinance Streamline without an Appraisal** - Any Streamline without an appraisal may exceed the current (or future) geographical loan limits, based on the applicable calculations for determining max loan amount.
- ❖ **Refinance Streamline with an Appraisal** - Any Streamline with an appraisal may exceed the current (or future) geographical loan limits, based on the applicable calculations for determining max loan amount.
- ❖ **Refinance Cash Out** - Cash Out Refinances may not exceed current geographical loan limits.