



BULLETIN # 09-0624-02-WC

June 24, 2009

**BULLETIN HIGHLIGHTS:**

- 100 FNMA CONFORMING FIXED WITH JUMBO OPTION
- 101 FNMA CONFORMING FIXED EXPANDED APPROVAL™ (EA) LEVELS I & II
- 102 FNMA CONFORMING FIXED FLEX 97
- 104 FNMA CONFORMING FIXED RATE INTEREST ONLY
- 106 FNMA MY COMMUNITY CONFORMING FIXED
- 107 FNMA DU REFI PLUS™ CONFORMING FIXED
- 200 FHLMC CONFORMING FIXED WITH JUMBO OPTIONS
- 201 FHLMC A- (MINUS) CONFORMING FIXED
- 203 FHLMC HOME POSSIBLE CONFORMING FIXED RATE
- 504 NOBLE CONFORMING LIBOR ARMS
- 1000 CHOICE CONFORMING LIBOR ARMS
- DECLINING MARKET MATRIX

**100 FNMA CONFORMING FIXED WITH JUMBO OPTION  
 102 FNMA CONFORMING FIXED FLEX 97  
 104 FNMA CONFORMING FIXED RATE INTEREST ONLY**

**Age Documents Section:**

- Appraisals >120 days needs and update/recert of value is required.

**Application Section:**

- **Effective for all loans registered on and after July 6, 2009**, and regardless of income type or documentation method the underwriter will process the IRS 4506-T tax transcripts for the two years prior to the loan application date.

**Ratio Section:**

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
 All student loans with more than 10 payments must be included in the debt ratio, regardless of deferment status. File needs to have the documentation to support the verified payment amount and include that documented payment in the monthly debt calculation.

**Subordination Section:**

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
 HELOC- When calculating the total housing expense ratio, borrowers must qualify using a monthly payment equal to 1% of the full line amount.
  - The 1% of the total balance applies to all other properties with HELOCS as well as the subject property.
- The underwriter needs to validate that the current income used to qualify for the loan is reasonable compared to the borrower's prior/current earnings. Reconciliation of the results must be documented on the Transmittal Summary in the file. Additionally, the transcripts must also be included in the file.
  - Unless the income documentation provided by the borrower is more than 20% greater than the income documented on the IRS transcript, no further action is required.

IF	THEN:
the income documentation provided by the borrower is:	
<b>Less</b> than the income documented on the IRS transcript-	Use the income provided by the borrower to qualify the loan as long as it meets all documentation parameters.

<20% <b>greater</b> than the income documented on the IRS transcript-	Use the income provided by the borrower to qualify the loan as long as it meets all documentation parameters.
≥20% <b>greater</b> than the income documented on the IRS transcript-	Refer to Income Validation section below.

- If the income documentation provided by the borrower is  $\geq 20\%$  greater than the income documented on the IRS transcript, the following steps must be take:
  - **Wage Earner or Other Income** – Underwriter should perform an in depth review to determine if the increase in income seems reasonable and if additional steps need to be taken. At a minimum, a letter from the borrower explaining the difference. The underwriter to request additional documents if necessary.
  - **Self-employed borrowers or borrowers who receive 1099 or commission income greater than 25% of their total earnings-** Underwriter should perform an in-depth review to determine if the increase in income seems reasonable and if additional steps need to be taken. At minimum the borrower explaining the difference. The underwriter to request additional documents if necessary. Information reported on the tax transcripts should match information reported on the tax returns provided by the borrower. Note: all other current guidelines for analysis of self-employment income must be followed.
- **Effective with all new registrations on or after July 6, 2009.**

### 101 FNMA CONFORMING FIXED EXPANDED APPROVAL™ (EA) LEVELS I & II

#### Age of Document Section:

- Appraisals >120 days needs and update/recert of value is required.

#### Subordination Section:

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
HELOC- When calculating the total housing expense ratio, borrowers must qualify using a monthly payment equal to 1% of the full line amount.
  - The 1% of the total balance applies to all other properties with HELOCS as well as the subject property.

### 106 FNMA MY COMMUNITY CONFORMING FIXED 107 FNMA DU REFI PLUS™ CONFORMING FIXED

#### Age of Document Section:

- Appraisals >120 days needs and update/recert of value is required.

#### Subordination Section:

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
HELOC- When calculating the total housing expense ratio, borrowers must qualify using a monthly payment equal to 1% of the full line amount.
  - The 1% of the total balance applies to all other properties with HELOCS as well as the subject property.

### 200 FHLMC CONFORMING FIXED WITH JUMBO OPTIONS

#### Age Documents Section:

- Appraisals >120 days needs and update/recert of value is required.

#### Application Section:

- **Effective for all loans registered on and after July 6, 2009**, and regardless of income type or documentation method the underwriter will process the IRS 4506-T tax transcripts for the two years prior to the loan application date.

#### Credit Section:

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
Unlimited Rapid Reporting Credit reports are ineligible.

#### Ratio Section:

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
All student loans with more than 10 payments must be included in the debt ratio, regardless of deferment status. File needs to have the documentation to support the verified payment amount and include that documented payment in the monthly debt calculation.

#### Refinance Section:

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**

### Properties List for Sale

A copy of the cancellation removing the property from MLS must be provided as evidence of the date the property was taken off the market.

### Rate/Term Refinance-

Borrower must be on the current mortgage being paid off; And

Borrower must have been on title, as an individual or an approved living trust; OR

### Subordination Section:

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
HELOC- When calculating the total housing expense ratio, borrowers must qualify using a monthly payment equal to 1% of the full line amount.
  - The 1% of the total balance applies to all other properties with HELOCS as well as the subject property.
- The underwriter needs to validate that the current income used to qualify for the loan is reasonable compared to the borrower's prior/current earnings. Reconciliation of the results must be documented on the Transmittal Summary in the file. Additionally, the transcripts must also be included in the file.
  - Unless the income documentation provided by the borrower is more than 20% greater than the income documented on the IRS transcript, no further action is required.

IF	THEN:
the income documentation provided by the borrower is:	
<b>Less</b> than the income documented on the IRS transcript-	Use the income provided by the borrower to qualify the loan as long as it meets all documentation parameters.
<b>&lt;20% greater</b> than the income documented on the IRS transcript-	Use the income provided by the borrower to qualify the loan as long as it meets all documentation parameters.
<b>≥20% greater</b> than the income documented on the IRS transcript-	Refer to Income Validation section below.

- If the income documentation provided by the borrower is  $\geq 20\%$  greater than the income documented on the IRS transcript, the following steps must be take:
  - **Wage Earner or Other Income** – Underwriter should perform an in depth review to determine if the increase in income seems reasonable and if additional steps need to be taken. At a minimum, a letter from the borrower explaining the difference. The underwriter to request additional documents if necessary.
  - **Self-employed borrowers or borrowers who receive 1099 or commission income greater than 25% of their total earnings-** Underwriter should perform an in-depth review to determine if the increase in income seems reasonable and if additional steps need to be taken. At minimum the borrower explaining the difference. The underwriter to request additional documents if necessary. Information reported on the tax transcripts should match information reported on the tax returns provided by the borrower. Note: all other current guidelines for analysis of self-employment income must be followed.
- **Effective with all new registrations on or after July 6, 2009.**
- **Unlimited- Condominium Requirement-** Underwriter needs to fill out and sign the Unlimited Lender Certification of Project Compliance Condominium Warranties Agency and Non-Agency Loan Products. The form can be found in the Underwriting forms and guides section located on the *WISE* website.

### 201 FHLMC A- (MINUS) CONFORMING FIXED

#### Age Documents Section:

- Appraisals >120 days needs and update/recert of value is required.

#### Application Section:

- **Effective for all loans registered on and after July 6, 2009**, and regardless of income type or documentation method the underwriter will process the IRS 4506-T tax transcripts for the two years prior to the loan application date.

#### Subordination Section:

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**

HELOC- When calculating the total housing expense ratio, borrowers must qualify using a monthly payment equal to 1% of the full line amount.

- The 1% of the total balance applies to all other properties with HELOCs as well as the subject property.
- The underwriter needs to validate that the current income used to qualify for the loan is reasonable compared to the borrower's prior/current earnings. Reconciliation of the results must be documented on the Transmittal Summary in the file. Additionally, the transcripts must also be included in the file.
- Unless the income documentation provided by the borrower is more than 20% greater than the income documented on the IRS transcript, no further action is required.

IF	THEN:
the income documentation provided by the borrower is:	
<b>Less</b> than the income documented on the IRS transcript-	Use the income provided by the borrower to qualify the loan as long as it meets all documentation parameters.
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<b>≥20% greater</b> than the income documented on the IRS transcript-	Refer to Income Validation section below.

- If the income documentation provided by the borrower is  $\geq 20\%$  greater than the income documented on the IRS transcript, the following steps must be taken:
  - **Wage Earner or Other Income** – Underwriter should perform an in depth review to determine if the increase in income seems reasonable and if additional steps need to be taken. At a minimum, a letter from the borrower explaining the difference. The underwriter to request additional documents if necessary.
  - **Self-employed borrowers or borrowers who receive 1099 or commission income greater than 25% of their total earnings-** Underwriter should perform an in-depth review to determine if the increase in income seems reasonable and if additional steps need to be taken. At minimum the borrower explaining the difference. The underwriter to request additional documents if necessary. Information reported on the tax transcripts should match information reported on the tax returns provided by the borrower. Note: all other current guidelines for analysis of self-employment income must be followed.
- **Effective with all new registrations on or after July 6, 2009.**

### 203- FHLMC HOME POSSIBLE CONFORMING FIXED RATE

#### Age Documents Section:

- Appraisals >120 days needs and update/recert of value is required.

#### Mortgage Insurers Approved Section:

- Genworth

#### Ratio Section:

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
All student loans with more than 10 payments must be included in the debt ratio, regardless of deferment status. File needs to have the documentation to support the verified payment amount and include that documented payment in the monthly debt calculation.

### 504 NOBLE CONFORMING LIBOR ARMS

#### Age Documents Section:

- Appraisals >120 days needs and update/recert of value is required.

#### Application Section:

- **Effective for all loans registered on and after July 6, 2009**, and regardless of income type or documentation method the underwriter will process the IRS 4506-T tax transcripts for the two years prior to the loan application date.

#### Underwriting Submission Procedure:

- The underwriter needs to validate that the current income used to qualify for the loan is reasonable compared to the borrower's prior/current earnings. Reconciliation of the results must

be documented on the Transmittal Summary in the file. Additionally, the transcripts must also be included in the file.

- Unless the income documentation provided by the borrower is more than 20% greater than the income documented on the IRS transcript, no further action is required.

IF	THEN:
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  - **Self-employed borrowers or borrowers who receive 1099 or commission income greater than 25% of their total earnings-** Underwriter should perform an in-depth review to determine if the increase in income seems reasonable and if additional steps need to be taken. At minimum the borrower explaining the difference. The underwriter to request additional documents if necessary. Information reported on the tax transcripts should match information reported on the tax returns provided by the borrower. Note: all other current guidelines for analysis of self-employment income must be followed.
- **Effective with all new registrations on or after July 6, 2009.**

**1000 CHOICE CONFORMING LIBOR ARMS**

- **Previously announced in Bulletin # 09-0619-01-R on June 19, 2009.**  
HELOC- When calculating the total housing expense ratio, borrowers must qualify using a monthly payment equal to 1% of the full line amount.
  - The 1% of the total balance applies to all other properties with HELOCS as well as the subject property.

**DECLINING MARKET MATRIX**

- **Note: "PR" is on this list but not applicable yet. The items that have changed on this list are highlight in green.**

This will be posted to the Wintrust Mortgage website. Attached are copies for your reference.