

CREDIT POLICY ANNOUNCEMENT

Bulletin- 2023- 21| Matrices and Guide Updates

Implementation Information

- Pipeline Impact: Effective immediately for all loans in progress and all new loans registered

Update:

The following updates have been made to the matrices and guide. Visit <https://wholesale.springeq.com/> for the updated guide and matrices. Please contact your account executive with questions.

Matrices updates:

- **Lien Positions & States-** Removed MO (Missouri) as a state Spring EQ would not lend in
- **Appraisal Requirements-** Added new language: When using a Full Interior, Exterior Drive-By or Prior Use appraisal, the following requirements must be met:
 - Minimum Q5 quality rating
 - Minimum C5 condition rating
 - Shows As Is (Full Interior ordered by Spring EQ or Prior Use only)
 - Cost to cure cannot exceed the lower of \$2,000 or 2% of the appraisal value
- **Ineligible Property Types-** Added new language: Vacant Properties (purchase transactions excluded)

Guideline updates:

- **Cover Page-** Added new language: Pro Tip - Use CTRL-F on your keyboard to search for specific words or topics
- **Housing Payment History (All Real Estate Owned)-** Updated language to show the date of last activity (DLA) for a mortgage rating must be within 45 calendar days of the date the credit report was completed
- **Pension-**
 - Updated language regarding documenting continuance
 - Updated language to show one of the following documents is required:
 - The most recent award letter(s) from the organization(s) providing the income OR
 - Most recent year 1099 OR
 - The current statement from the organization(s) providing the income OR
 - All pages of the most recent bank statement showing direct deposit of the funds
- **Temporary Leave-** Removed: When the Borrower does not qualify with the lower of the 2 incomes (Borrower's temporary leave or regular employment), provide documentation showing the Borrower has liquid assets to make the monthly mortgage payment until they have returned back to work
- **Valuation Methods-** Removed: When using a Full Interior, Exterior Drive-By or Prior Use appraisal, the following requirements must be met:
 - Minimum Q5 quality rating
 - Minimum C5 condition rating
 - No more than 20 acres
 - Not listed for sale within the past 12 months
 - Shows As Is (Full Interior ordered by Spring EQ or Prior Use only)
 - Cost to cure cannot exceed the lower of \$2,000 or 2% of the appraisal value
- **Flood Insurance-**
 - Removed: Requirement for the flood zone to show on the flood insurance policy
 - Added new language: Flood Insurance policies or the mortgagee clause updates issued on Acord forms are not acceptable
 - Added new language: Private flood insurance policies must contain a compliance aid statement: This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation

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- **Renewing Policies-**

- Added new language: Renewal policies for homeowners and/or flood insurance policies expiring within 30 calendar days of closing are required to be in the file prior to closing. Renewal policies must show the subject property address, the effective dates, adequate coverage, and the total renewal premium.
- Removed: When either the homeowners or flood insurance policy renews within 45 calendar days of closing and a balance is due, one of the following is required:
 - First mortgage lien statement or equivalent escrow documentation verifying the insurance premium is escrowed; OR
 - Proof from the insurer that there is a payment plan in place OR
 - Proof the insurance premium due is paid in full OR
 - Confirm the outstanding insurance premium balance is to be paid with loan proceeds

NOTE: When the renewal policy is not available, add 10% to the current annual premium in the proposed housing expense. If the senior lien does not escrow, also collect 3 months of the increased premium.

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