

CREDIT POLICY ANNOUNCEMENT

Bulletin- 2023-23 | Guide and Matrices 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 guide and matrices. Visit <https://wholesale.springeq.com/> for the updated guide and matrices. Please contact your account executive with questions.

Guideline updates:

- **Borrower Types-** Added new language allowing the appraised value to be used so long as the borrower is 100% owner of the LLC when transferring title from an LLC to the borrower's name
- **Title Documentation-** Added new language to clarify what a Notice of Commencement (NOC) is, the action required when an NOC is present on title and that NOC's do not need to be removed from title
- **Senior Lien Terms-** Added new language to clarify when a Construction Loan is an acceptable senior lien and what documents are needed to confirm the loan has been modified to permanent financing
- **Housing Payment History-**
 - Added new language to clarify payment history is required for all mortgages and all REO for all borrowers on the transaction
 - Added new language to clarify what is required when there is a first lien on the subject property where the borrower is not a note holder or the first lien is not reporting on credit
- **Student Loans-** Added new language to clarify that estimated payments cannot be used for qualifying purposes
- **Tax Returns-**
 - Updated the language to clarify that amended tax returns are only acceptable when filed prior to the mortgage loan application date
 - Added new language requiring proof the estimated tax liability was paid when sending a completed 2022 tax extension form
- **Rental-** Added new language to clarify that a conversion of a second home to a rental property is unacceptable
- **Unemployment-** Updated and added new language to clarify what is needed when a borrower is using unemployment income from a seasonal job
- **Prior Use Appraisal-** Updated the language to clarify that a prior use appraisal is an existing full interior appraisal that was completed prior to or in conjunction with the mortgage loan application from a lender other than Spring EQ
- **Flood Insurance-** Added new language to clarify that loans where the subject property is located in a community that doesn't participate in the National Flood Insurance Program (NFIP) are ineligible

Matrices updates:

- **Maximum Total Financing (each product matrices)-** Added new language limiting the maximum total financing for a single borrower to \$500,000 in aggregate
- **Ineligible Senior Lien (each product matrices)-** Added new language to clarify when a Construction Loan is an acceptable senior lien and what documents are needed to confirm the loan has been modified to permanent financing
- **Housing History (each product matrices)-** Added new language to clarify what is required when there is a first lien on the subject property where the borrower is not a note holder or the first lien is not reporting on credit
- **Appraisal Requirements-**
 - Updated the language to allow for a prior use appraisal (Piggyback only) for loan or max line amounts with CLTV over 90%
 - Added new language clarifying that a prior use appraisal is an existing full interior appraisal that was completed prior to or in conjunction with the mortgage loan application from a lender other than Spring EQ