

CREDIT POLICY ANNOUNCEMENT

Bulletin- 2023-18 | Guideline and Matrices Updates

Implementation Information

- Effective Date: 4/7/2023
- Pipeline Impact: All loans in progress and all loans registered from the effective date shown above

Update:

With feedback received, we have made updates throughout the guidelines and the matrices. Below are the significant updates made in each document.

Guideline updates:

- **Major Adverse Credit** – Added additional language requiring past due State and IRS taxes to be paid in full whether or not they currently affect title
- **Cash To Close** – Removed language: For non-cash-out mortgage loans
- **Business Debt in Borrower's Name** – Added an additional documentation requirement option allowing for cancelled checks to be used to prove that the business has made the account payments for the most recent 12 months
- **Uniform Commercial Code (UCC) Filings / Solar Panel**- Added new language: Properties with solar power as the only source of electricity are ineligible
- **New Employer** – Added an additional documentation requirement option allowing for a WVOE or Automated VOI to be used when a Borrower started with a new employer
- **Self-Employed** – Updated language requiring all pages and schedules of a third-year tax return for significant income increases
- **Self-Employed** – Updated documentation requirement language to show all pages and schedules of the most recent 2 years personal tax returns instead of specific years
- **Self-Employed** – Removed 1040 tax transcripts as a proof of filing requirement
- **Rental** – Added new language: The Borrower must own a primary home in order to use rental income
- **Rental** – Updated language regarding what is acceptable to evidence 25% equity for a conversion of a primary residence property
- **Auto Allowances** – Removed language: If a Borrower elected to use a standard mileage deduction instead of taking the actual cash expenditure for auto expenses when he or she completed their personal tax return, an add-back can be used for income qualification purposes.
- **Retirement, Annuity Income, and IRA Distributions** – Added additional language to show a distribution agreement can be used to document the income
- **Unemployment** – Added additional language regarding when a statement or award letter documenting all terms and conditions of the unemployment income is required
- **Veterans Affairs (VA) Benefits** – Added an additional documentation requirement option allowing for a Certificate of Eligibility to be used to document the income
- **Restricted Stock Units (RSU)** – Added additional language requiring RSU income to have been consistently received from the current employer for the most recent 2 years
- **Restricted Stock Units (RSU)** – Updated language regarding calculating RSU income
- **Unacceptable Sources of Income** – Added new language: Payment In-Lieu of Medical Coverage/Cafeteria Plans

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Matrices updates:

- **Appraisal Requirements** – Added new language: When a full interior appraisal shows “Subject To”, a 1004D from the same appraiser who completed the appraisal is required to certify that any required repairs or improvements mentioned in the appraisal have been completed
- **Appraisal Requirements** – Added additional language requiring a prior use appraisal to be accompanied by a 1004D from the same appraiser who completed the prior use appraisal certifying that any required repairs or improvements mentioned in the appraisal have been completed when “SUBJECT TO” shows
- **Ineligible Property Types** – Added new language: Properties with solar power as the only source of electricity
- **Major Adverse Credit** – Added new language: Major adverse credit is identified as collection accounts, charge-off accounts, judgments, liens, delinquent property taxes, repossessions, garnishments, and non-mortgage accounts currently 90 calendar days or more delinquent
- **Major Adverse Credit** – Added additional language requiring past due State and IRS taxes to be paid in full whether or not they currently affect title
- **Age of Documents:** Updated language regarding what is acceptable to recertify the value of a full interior appraisal that is greater than 90 days old

Visit <https://wholesale.springeq.com/> for the updated guide and matrices. Please contact your account executive with questions.

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