

BULLETIN #2014-37

TO: Distribution **DATE:** December 16, 2014
RE: Non-Agency Updates, FHA Property Flipping Update, Fannie Mae 97% LTV Options, FHA and VA Maximum Loan Limits **EFFECTIVE DATE:** As Indicated Below

Items covered in this announcement:

- 600 Series Non-Agency program clarifications and enhancements
- Fannie Mae 97% LTV Options
- FHA's Property Flipping Rule Update
- FHA and VA 2015 Maximum Loan Limits

600 Series Non-Agency Program

Clarifications Effective: Immediately

With the recent publication of CMG's new [Loan Program Matrices & Guidelines](#), a number of questions have arisen regarding the **600 Series Non-Agency program**. The following provides clarifications associated with those questions.

- **Housing Payment History**
Borrowers who own their current home free and clear are exempt from the housing payment history requirement. Documentation must be provided verifying the home has been owned for the prior 24 months without a lien.
- **Fannie Mae Warrantable Condo Projects with**
 - An unexpired
 - Final Project Approval through Fannie Mae's Project Eligibility Review Service (PERS) are eligible
 - Approval using Fannie Mae's Condo Project Manager (CPM) are acceptable in accordance with Fannie Mae guidelines. All supporting documentation must be included in the file
 - A Lender Review
 - Full Lender Review required for all attached Condominium projects
 - Limited Lender Review only permitted on detached Condominium projects

NEW Enhancements Effective: Loans locked on or after Tuesday, December 16, 2014

- **Non-warrantable Condo Projects & Condotels**
 - Commercial space: $\leq 40\%$ of project's total space (*previously $\leq 35\%$*)
 - Investor concentration: $\leq 65\%$ of total units sold or under bona fide contract (*previously $\leq 50\%$*)
 - Delinquent HOA dues: $\leq 15\%$ of total units are $\Rightarrow 60$ days (*previously 30 days*)
 - Insurance: Fidelity, if applicable, required only if the project has more than 20 units
 - Budget review: The HOA's projected budget must be adequate and provide for the funding of replacement reserves for capital expenditures and deferred maintenance (at least 10% of the budget). A *reserve study may be used in accordance with Fannie Mae guidelines.*

Fannie Mae 97% LTV Options

Effective: Loans locked on or after December 23, 2014

As per Fannie Mae's [Selling Guide Announcement SEL-2014-15](#), Fannie Mae is expanding LTV/CLTV, and HCLTV Ratios **for first-time home buyers**. CMG will accept standard purchase and limited cash out refinance transactions at the higher LTV Options subject to Fannie Mae's guidelines and the following CMG overlays:

- 640 minimum credit score
- Gifts cannot be used for Reserves
- 35% MI coverage required (reduced MI not permitted)

CMG is currently reviewing the impact of this 97% LTV option to credit risk and to the rate sheet for the following items:

- The MyCommunityMortgage® (MCM®) enhancement
- Impacts of Lender Paid MI (LPMI) and Financed MI

For these reasons, these are **not available at this time**. However, CMG will provide updates soon. Please refer to CMG's Correspondent rate sheet for applicable 97% LTV price adjustments.

References:

- Fannie Mae [97% LTV Options Website](#)
- Fannie Mae Announcement [SEL-2014-15](#)
- Fannie Mae [Lender Fact Sheet](#)
- Fannie Mae [FAQs](#)
- Fannie Mae's [Loan Lookup Tool](#)

FHA's Property Flipping Rule Update

Effective: January 1, 2015

This week, FHA announced the expiration on December 31, 2014 of the temporary [waiver](#) of FHA's [regulation](#) prohibiting the use of FHA financing to purchase single family properties being resold within 90 days of the previous acquisition.

The temporary waiver began with **sales contracts executed on or after February 1, 2010 but now expires for all sales contracts at 11:59 PM, December 31, 2014.**

FHA deems a sales contract to be executed when all parties to the contract have signed the contract, and the contract is enforceable under the law of the state the property is located.

Mortgages that are made on properties in which sales contracts have been executed after 11:59 PM, December 31, 2014, are not eligible for a waiver of the regulation prohibiting property flipping.

FHA will not extend the waiver beyond December 31, 2014.

Please refer to the regulation for complete requirements.



FHA and VA 2015 Maximum Loan Limits

Effective: For FHA case numbers assigned on or after January 1, 2015

As per FHA's [Mortgagee Letter 2014-25](#), the maximum FHA loan limit "ceiling" for most areas remains at the 2014 level of \$625,500 for a one-unit property. The FHA standard loan limit for all areas remains at the 2014 level of \$271,050 for a one-unit property.

There are no jurisdictions with a decrease in loan limits from the 2014 levels. To easily identify areas with loan limit increases, FHA has published a separate list of counties with loan limit increases. Sellers may view this list on the [Maximum Mortgage Limits](#) web page and [FHA CY 2015 Loan Limit Increases List](#).

Effective: January 1, 2015

As per [VA's Circular 26-14-39](#), VA's 2015 loan limits are the same as the Federal Housing Finance Agency's [limits](#). The FHFA conforming loan limits currently range from a base of \$417,000 to a high-cost-area limit of \$625,500.

County limits do NOT apply for Interest Rate Reduction Refinancing Loans (IRRRLs). VA will guarantee 25 percent of the principal balance on the IRRRL, regardless of the limit for the particular county.

Reminder: VA does not have a maximum loan amount. Therefore, Sellers may make loans greater than the loan limit; however, the Veteran is required to make a down payment in order to meet the 25% guarantee/equity requirement.

For loan applications in process where a county loan limit has decreased, VA will honor the previous higher limit on a purchase loan provided the sales contract has been ratified by all parties and the Uniform Residential Loan Application (URLA) is signed by both parties prior to January 1, 2015. If the borrower is originating a non-IRRRL refinance loan, the URLA must be signed by the lender and the borrower prior to January 1, 2015 and provided to VA with a time stamp substantiating the date the URLA was printed.

***Please contact your Correspondent Regional Manager or
your Correspondent Liaison with any questions.***

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