

Lending Guide Announcement

IMPORTANT

ClearPoint Funding is providing an outline of our most recent updates and guideline clarifications as detailed below.

100- Conventional Lending Guide

Page 100-62	<p><u>Rental Income from Second Home</u></p> <p>Not Permitted.</p> <p>NOTE: A second home must be available for the Borrower's sole use and enjoyment; any rental income reported on the tax returns derived from a second home property must be incidental/nominal in amount AND no portion may be used for qualifying.</p>
Page 100-67	<p><u>Transcripts & Tax Returns:</u></p> <p>✓ Tax transcripts may not be used in lieu of tax returns.</p>
Page 100-70	<p><u>Earnest Money</u></p> <p>When an earnest money deposit is used as part of the borrowers down payment it must come from the borrowers own funds and the source of funds must be verified. Admissible verification includes:</p> <ul style="list-style-type: none"> • Copy of the cancelled check and bank statement showing that the check has cleared; or • Copy of the cancelled check and Verification of Deposit (VOD). The VOD must indicate that the average balance for past two months was large enough to cover the amount of the earnest money deposit. <p>If it cannot be determined that the earnest money deposit was withdrawn from the borrowers account, additional documentation and evidence that the funds have actually changed hands should be provided.</p> <p>NOTE: Large earnest money deposits and deposits that exceed the amount customary for the area should be closely evaluated.</p>

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Page 100-103	<p><u>Non-Permitted Additions</u></p> <p>Properties with non-permitted additions are acceptable, per Loan Program LTV and guidelines, provided:</p> <ul style="list-style-type: none"> ✓ Value is not given to these additions and a cost-to-cure adjustment is used, either by the appraiser or the reviewer, to bring the property back to its original utility (cost to cure adjustment must be deducted from the final appraised value) <u>OR</u> ✓ Retroactive final permits for these additions are obtained allowing value without a cost to cure.
Page 100-105	<p><u>Appraisal Forms</u></p> <p>FNMA 1004MC / FHMLC 71</p> <p>Market Conditions Addendum to the appraisal report.</p> <p>NOTE: When completing the "Total Number of Comparable Active Listings", the appraiser should use the total listings as of the most recent applicable date, not a cumulative total for the entire period covered.</p>
Page 100-106	<p><u>Photo Requirements (Appraisal)</u></p> <p>For Form 1004, 1073 and 1025, the following photos are required (clear and descriptive) showing:</p> <ul style="list-style-type: none"> • Kitchen, All Bathrooms and the Main Living Area. • Examples of physical deterioration, if present. • Examples of recent updates, such as restoration, remodeling, renovation, if present.
Page 100-107	<p><u>Streamline Appraisal Forms</u></p> <p>FNMA 2075 DU Property Inspection Report</p> <ul style="list-style-type: none"> ✓ Streamlined, exterior only, inspection report and can be used as instructed by an automated underwriting system. ✓ Not permitted if there are apparent adverse physical deficiencies/conditions, environmental conditions or the subject property does not conform to the neighborhood. ✓ Requires the borrower to sign an appropriate disclaimer / disclosure indicating their acknowledgment of waiving a full appraisal (i.e. Notice About Appraisal of Your Property). The form must be signed by the borrower and included in the loan file.

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300- FHA

<p>Page 300-18</p>	<p><u>Visa Classifications</u></p> <p>Typical classification are that are acceptable are:</p> <ul style="list-style-type: none"> E-1, E-2, E-3, G-1 through G-4, H-1B, H-1C, L-1A, L-1B, P-1, R-1, V-1, V-2, V-3. <p>NOTE: Foreign Diplomats, Visitors of Business or Tourism, those in Transit, Students (F-1), Au Pair, Series S, T or U are not permitted.</p>
<p>Page 300-42</p>	<p><u>Tax Return Documentation</u></p> <p>In any income circumstance where tax returns are used or may be required, tax transcripts may not be used in lieu of obtaining the actual returns.</p>
<p>Page 300-72</p>	<p><u>CLTV Restrictions</u></p> <p>Per Mortgagee Letter 2010-24, effective for all FHA Case Numbers assigned on or after September 7, 2010, the following CLTV restrictions are required:</p> <ul style="list-style-type: none"> ✓ <u>Rate Term Refinance</u>: Maximum (H)CLTV is 97.75%. Combined total loan amounts of first and second liens are limited to the Statutory County Loan Limits. ✓ <u>Cash Out Refinance</u>: Maximum (H)CLTV is 85.00%. Combined total loan amounts of first and second liens are limited to the Statutory County Loan Limits.
<p>Page 300-102</p>	<p><u>Non-Permitted Additions</u></p> <ul style="list-style-type: none"> ✓ Allowed, however, the appraiser must give value to the unpermitted rooms and include in the gross living area and room count in accordance with 4150.2 3-5 Code Enforcement. ✓ Appraiser must comment that the addition was completed in a workman like manner. ✓ Similar comparables with room additions must be provided in order to confirm marketability; note comparables' additions may be permitted or unpermitted.