Updates
The following sections of the Guide have been changed to reflect new policies and guidelines.

Conventional Products

Student Loans
Updated the guidelines as follows:

- **LP**: Based upon further clarification from Freddie Mac, additional guidance has been provided for student loans in repayment status with a $0.00 monthly payment as follows:
  - Documentation must be obtained supporting the payment.
    - Any higher future payments disclosed in the documentation must be considered.
- **DU**: As per Fannie Mae 2016-04, the option to calculate a fully amortizing payment has been provided. This option is in addition to using the actual fully amortizing payment, or a payment based on 1% of the outstanding balance.
  - This update includes a new table for calculating the payment. A link has been added to the U.S. Department of Education/Federal Student Aid website for obtaining prevailing rates.
  - An example showing the calculation has been provided.

These changes are effective immediately.

_Underwriting Guidelines.Conventional.D.8.a.3._
Multiple Financed Properties-DU
Relaxed the guidelines by removing the Bankruptcy/Foreclosure waiting period requirements that were specific to borrowers with 5-10 financed properties. Standard Bankruptcy/Foreclosure waiting period requirements apply, regardless of the number of financed properties.
This change is effective immediately.

Social Security Income-Borrower Benefits
Included additional guidance as announced in Fannie Mae 2016-04 on newly established benefits derived from the borrowers own account/work record. A recently issued award letter may be used to document the income if it will be received on or before the first payment due date.
This change is effective immediately.

Refinance of a Previously Restructured Loan-LP
Removed the restriction that the refinance of a previously restructured loan is not permitted with LP as announced in Freddie Mac 2016-11.
This change is effective immediately.

FHA Products

Unreimbursed Business Expenses/Commission Income
Relaxed the guidelines after further clarification from HUD for treatment of unreimbursed employee business expenses as follows:
• Commission Income less than or equal to 25% does not require 2106 expenses to be considered.
• Base Pay/Bonus/Overtime income do not require 2106 expenses to be considered. This is reflected as a new topic within the Liabilities Section of the guidelines.
This change is effective immediately.
Underwriting Guidelines.FHA.D.4.c.4.

HUD 92900-A
As announced in Mortgagee Letter 2016-06, the updated 92900-A (HUD/VA Addendum to Uniform Residential Loan Application) will be effective for all case numbers assigned on and after August 1, 2016. A blank version of the updated 92900-A will be published in the Guide under the FHA Forms Section in conjunction with the effective date and the final publication of the form on HUD’s website.
This change is effective for loans with case numbers assigned on and after August 1, 2016.
**USDA Products**

**Upfront Guarantee Fee and Annual Fee Reduction for Fiscal Year 2017**

As per the Rural Development Single Family Housing Guaranteed Origination announcement dated April 28th, 2016, advance notice was given of the upfront guarantee fee and annual fee structure that will be effective for the Single Family Housing Guaranteed Loan Program in the fiscal year 2017. The fiscal year 2017 begins October 1, 2016 and ends September 30, 2017.

**Upfront Guarantee Fee:**
- 2016 Fiscal Year: 2.75% Current (ends September 30, 2016)
- 2017 Fiscal Year: 1.00% Effective with Conditional Commitments issued on and after October 1, 2016

**Annual Fee:**
- 2016 Fiscal Year: .50% Current (ends September 30, 2016)
- 2017 Fiscal Year: .35% Effective with Conditional Commitments issued on and after October 1, 2016

*These changes are effective with Conditional Commitments issued on and after October 1, 2016. FAMC Guidelines will be updated in conjunction with the effective date.*

**VA Products**

**Restructured Loans**

Removed the waiting period requirements for a previous restructured loan in the borrower’s credit history.

A link has been included to Closing Section/Payoff Statements for Refinance Transactions, as FAMC does not permit a refinance transaction when the current lender is accepting less than the full amount due.

*This change is effective immediately.*

*Underwriting Guidelines.VA.D.4*

**Judgments**

Updated the history of timely payments from 6 months to 12 months as per the clarification provided from VA in the [Loan Guaranty Service Originations Newsletter](#) dated, June, 2016.

*This change is effective immediately.*

*Underwriting Guidelines.VA.D.4.d*
FHA/USDA/VA Products

Non-Lien Related Payoffs
Removed the restriction that non-lien related payoffs on the Closing Disclosure in excess of $5,000 are not permitted. 
This change is effective immediately.
Closing Requirements.E.1

Clarifications

FHA Products

Evaluating Large Deposits
Added an example of the required documentation for a large deposit derived from wedding gift funds to support the existing requirements.

Foreclosure Settlement Date
Clarified the settlement of a foreclosure is the date of the transfer of title.

USDA Products

Student Loans
Clarified that for all deferred student loans, regardless of the plan type (fixed or non-fixed), the greater of 1% of the outstanding balance or payment on credit report must be used.

Conventional/FHA/VA Products

Most Recent Filing Year Income Tax Liability
Clarified that borrowers with unpaid taxes due for the most recent filing year must document proof of payment in full or evidence the borrower has set up an accepted payment plan after the filing deadline date. Payment must be included in the DTI if more than 10 payments are required.
Reminders

Conventional Products

DU 10.0 – Postponement/Multiple Financed Properties Update
As announced by Fannie Mae in the DU 10.0 Release Notes update on June 20th, the release of DU 10.0 has been postponed until the weekend of September 24, 2016. The Multiple Financed Properties update for DU loans announced in Guide Update 2016-6 will be published after September 24th and the release of DU 10.0, instead of on July 1st as previously announced.

Freddie Mac Loan Advisor
On July 11th, Freddie Mac will introduce their Loan Advisor Suite of products. With this technology, current web users will see several new tools such as Loan Quality Advisor, Loan Collateral Advisor, and Loan Closing Advisor as well as Loan Prospector (LP) changing to Loan Product Advisor. FAMC has a direct interface for using LP, until the interface is updated, these changes will not be seen when utilizing LP through FAMC. There will be further announcements in the coming months.

Non-Conforming Jumbo ARM/Reserves-DTI
Guidelines have been updated as announced in Guide Update #2015-5.

Conventional Overlay Document
A revised Conventional Overlay Document dated 7-2016 has been published in the Guide. It is located under the Helpful Tools Section.

FHA Products

DU for Government Loans Release Notes/LP Updates to Align with TOTAL Scorecard
As per the DU for Government Loans Release Notes dated June 8, 2016, several changes were made by HUD to FHA TOTAL Scorecard. These changes may affect the information provided on the DU Findings report and what DU sends to FHA TOTAL Scorecard.

Loan Prospector was also updated with the changes to TOTAL Mortgage Scorecard as of June 11, 2016. Review the Loan Prospector June-July 2016 Feedback Messages for the revised messaging for FHA loans.

There were no policy changes involved with these updates.
Government Products

Government Overlay Document
A revised Government Overlay Document dated 7-2016 has been published in the guide. It is located under the Helpful Tools Section.

USDA Products

Updated Income Limits
As per the Rural Development Single Family Housing Guaranteed Program Announcement on June 22, 2016, the 2016 Income Limits for the Single Family Guaranteed Loan Program were published. GUS and the Income Eligibility calculator located in the Eligibility Website have been updated with the new income limits.

All Products

FAMC Guide Re-Organization
Over the next several weeks changes and improvements are being made to the FAMC Operations Guide. As a result of the reorganization of the Guide, some of the links within the guidelines may not function as expected. Product Development will be actively working to update the links in the guidelines during the month of July. Once completed, these changes will facilitate easier navigation of information and forms. We appreciate your patience during this time.

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