

Weekly Underwriting Updates to Sales 12/12/19

FHA

FHA loan limits for 2020

On December 3, 2019, FHA issued [**Mortgagee Letter 19-19**](#), effective for forward mortgage case numbers, and [**Mortgagee Letter 19-20**](#), effective for Home Equity Conversion Mortgage (HECM) case numbers, assigned on or after January 1, 2020.

These Mortgagee Letters provide the mortgage limits for Title II FHA-insured forward mortgages and the maximum claim amount for FHA-insured HECMs for Calendar Year (CY) 2020.

FHA's nationwide forward mortgage limit "floor" and "ceiling" for a one-unit property in CY 2020 are \$331,760 and \$765,600, respectively.

Select the links below for additional mortgage limits guidance for forward mortgages:

- [**FHA Mortgage Limits Search**](#)
- [**Areas at Ceiling**](#)
- [**Areas Between Floor and Ceiling**](#)
- [**Jurisdictions with Loan Limit Decreases**](#)
- [**Jurisdictions with Loan Limit Increases**](#)

FNMA/FHLMC

FNMA

Calculating the Monthly Real Estate Tax Payment

- Current policy requires lenders to estimate the real estate taxes based on land value and proposed improvements when the subject loan is new construction.
- With this update, we are clarifying that lenders are required to use a reasonable estimate of the real estate taxes based on the market value of the land and completed improvements for all purchase and new construction transactions.
- This policy applies to the monthly tax payment used for loan qualification purposes and for establishing the payment for the escrow account.
- Effective Date Lenders may implement this change immediately but must do so for applications dated on or after March 1, 2020.

Bridge Loans in Monthly Debt Obligations

Section B3-6-05 has been updated to describe when a bridge loan must be included (and when it can be excluded) from monthly debt obligations and the DTI ratio based on the existing policy in B3-4.3-14.

When a borrower obtains a bridge (or swing) loan, the funds from that loan can be used for closing on a new principal residence before the current residence is sold. This creates a contingent liability that must be considered part of the borrower's recurring monthly debt obligations and included in the DTI ratio calculation.

Fannie Mae will waive this requirement and not require the debt to be included in the DTI ratio if the following documentation is provided:

- a fully executed sales contract for the current residence, and
- confirmation that any financing contingencies have been cleared.

Titling Manufactured Homes

Manufactured homes are often first titled as personal property, but they must be titled as real property for lenders to deliver the mortgage us. Fannie Mae has published information on titling them as real property: Titling Requirements for Manufactured Homes. [Link to Titling Requirements](#) for HHM States of: FL, MI, NC, OR, TX

Effective Date: This information is available for immediate use.

FHLMC

Loan Limits – 2020

Updates to the Guide to reflect the increases in the [2020 loan limits](#) for both base conforming and super conforming Mortgages – **January 1, 2020**

Property type	On and before December 31, 2019		On and after January 1, 2020	
	Maximum base conforming loan limits ¹	Maximum super conforming loan limits ^{1, 2}	Maximum base conforming loan limits ¹	Maximum super conforming loan limits ^{1, 2}
Mortgages secured by 1-unit properties	\$484,350	\$726,525	\$510,400	\$765,600
Mortgages secured by 2-unit properties	\$620,200	\$930,300	\$653,550	\$980,325
Mortgages secured by 3-unit properties	\$749,650	\$1,124,475	\$789,950	\$1,184,925
Mortgages secured by 4-unit properties	\$931,600	\$1,397,400	\$981,700	\$1,472,550

Credit Score requirements for Mortgages secured by [Manufactured Homes](#) – April 1, 2020

Loan Product Advisor® Mortgages that are secured by Manufactured Homes where no Borrower has a Credit Score will no longer be ineligible.

Verification of employment requirements for Mortgages using [Leave and Earnings Statements](#)

We are revising our requirements to allow use of a Leave and Earnings Statement (LES) dated no more than 120 days prior to the Note Date to verify the Borrower's employment as part of the 10-day pre-closing verification (10-day PCV). This is an expansion of our current requirement that allows for use of an LES dated no more than 30 days prior to the Note Date (or 31 days for longer months).

USDA

No updates at this time

VA

Remember to review any loans (even preapprovals) that will close after 1.1.2020 and review the upcoming funding fee changes as well as Maximum VA loan amounts.

Adjustment of Loan Limits - Freddie Mac CLLs are no longer a factor for Veterans with full entitlement. For Veterans with full entitlement, the maximum amount of guaranty for a loan above \$144,000 is 25 percent of the loan amount, regardless of the Freddie Mac CLL.

Adjustment of Loan Limits Adjustment of Loan Fees - The Act amends 38 U.S.C. § 3729(b)(2) by replacing the loan fee / funding fee table. The below table summarizes funding fee rates for the most common types of loans for all Veterans (Regular Military, Reserves, and National Guard) for loans closed on or after January 1, 2020, and before January 1, 2022.

Type of Loan	Downpayment	Percentage for First Time Use	Percentage for Subsequent Use
Purchase and Construction Loans	None	2.30%	3.60%
	5% but less than 10%	1.65%	1.65%
	10% or more	1.40%	1.40%
Cash-Out Refinance Loans	n/a	2.30%	3.60%
IRRRLs	n/a	0.50%	0.50%
Loan Assumptions	n/a	0.50%	0.50%

The full circular is available by [Clicking Here](#)