



Announcement 2017- 52

Prime Jumbo Program Updates

PHL has updated its Prime Jumbo Product Guidelines, effective on applications dated on or after 11/1/2017. Please note the program updates below.

PHL is clarifying the following program requirements:

- **Age of Documents**

All credit documents including credit report, income docs, and asset statements must be dated no more than 90 days prior to the Note date.

- **Borrowers Eligible**

Borrowers living rent-free must have 12 months liquid reserves.

- **Borrowers Ineligible**

Land Trust is now ineligible

- **Employment Income**

The following ineligible income sources have been added:

- Restricted Stock Units
- Deferred Compensation
- Any business or activity related to marijuana, even if legally permitted under state or local law
- Foreign Income
- One-time occurrence or temporary Income
- Retained Earnings
- Mortgage Credit Certificates

- **Properties Ineligible**

- Properties with oil, gas or mineral rights
- Non-conforming regulations that prohibit rebuilding
- Builder Model Lease back
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- **Principal Curtailments**

- **Lender Paid Transactions**

- On transactions where the loan originator is paid by the Seller, PHL will permit a principal curtailment on purchase and refinance loans unless noted below as a result of excess premium rate credit. The excess premium must be identified on the Closing Disclosure and is limited to the amount of the excess premium rate credit below. The premium rate credit is the amount associated with the lowest pricing rate option that allows for some or all of the borrower's closing costs to be paid, so the borrower does not have to pay those closing costs out of pocket
- If the premium rate credit is less than or equal to \$2,000 for loan amounts up to \$350,000, or \$4,000 for loans amounts exceeding \$350,000, then no further documentation is required
- For premium credits exceeding these thresholds, evidence that the next lower pricing option would require the borrower to pay closing costs out of pocket must be documented in the file (LE, CD, Rate sheet, etc.)
- If the borrower was not provided with the best rate, the loan is not eligible for sale to PHL.

- **Borrower Paid Transactions**

- o On transactions where the loan originator is paid by the borrower, principal curtailments are not permitted.
- o The premium rate credit may not exceed the amount of third party costs.

- **Reserve Requirements**

Ineligible reserve sources are as follows:

- Bridge Loans
- Cash-out proceeds
- Gift Funds
- Loans secured by other assets
- Non-qualified business assets
- Proceeds from the sale of non-real estate assets
- Qualified tuition plans (529 Plan)

- **Transactions Ineligible**

- Employer Assistance program
- Lease Options

Sellers should refer to the Fannie Mae Seller Guide for specific information concerning qualification requirements that are not specifically addressed in the Prime Jumbo Program Guidelines

The Seller Guide and all other program documentation will be updated as applicable.

Please distribute this information to the appropriate individuals within your organization.

If you have any questions, please contact your Regional Sales Manager.