



# Conforming Guideline Changes

Released: August 24, 2009

**Due to the continued market volatility, the following guideline changes are made in response to Fannie Mae's Announcement 09-19. These changes are effective with loan applications dated on or after August 24, 2009.**

**FUNDS TO CLOSE**

Effective with new registrations/locks beginning 8/24/09, liquid funds to close must be verified for all purchase and refinance transactions, including streamline refi's. If Business Funds are used for down payment, closing costs and/or reserves, additional conditions may apply.

**CREDIT CARD FINANCING**

For costs that are paid outside of closing (POC), the maximum amount allowed to be collected via a credit card is **2% of the loan amount**. The credit card payment(s) will be recalculated taking into account the additional credit card balance. Liquid funds in the amount of the credit card charges must be verified.

**AGE OF CREDIT DOCUMENTS**

The maximum age of credit documents is reduced from 120 to **90 days**. The age of the document is measured from the date of the document to the date the Note is signed. Credit documents include credit reports, employment, income, and asset documents. NOTE: there is no change to the age of appraisal documentation.

**VERIFICATION OF STOCKS/BONDS/MUTUAL FUNDS AND RETIREMENT ACCOUNTS**

Effective 7/29/09, the following changes in determining the value of investments and retirement accounts as assets and their calculations:

- **Retirement Accounts:** 60% of the face value may be used for reserves (reduced from 70%).
- **Stocks, bonds and mutual funds:** 70% of the vested value net of any loans may be used for reserves (reduced from 100%).
- Additionally, **stock options and non-vested restricted stocks** are no longer eligible for use as reserves.

**TIP INCOME**

Gratuities and tips can only be included in qualifying income if they are on their tax returns for the last two (2) years, and the employer indicates the tip income will, in all probability, continue. Underwriter discretion would apply if the income is declining year over year.

**TWO-UNIT ELIGIBILITY**

CONFORMING PRODUCTS			Purchase		Rate/Term		Cash-Out *620 FICO	
Occupancy Type	Property Type	FICO	Max LTV	Max CLTV	Max LTV	Max CLTV	Max LTV	Max CLTV
O.O.	SFR	720*	90	95	90	95	80	85
O.O.	2 Unit	720*	80	80	80	80	75	75
O.O.	3-4 Unit	620	75	75	75	75	75	75
2nd Home	SFR Only	620	80	85	80	85	75	75
N.O.O.	1 Unit	620	80	85	75	75	NA	NA
N.O.O.	2 Unit	620	75	75	75	75	NA	NA
N.O.O.	3-4 Unit	620	75	75	75	75	NA	NA

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