

TOWNE MORTGAGE COMPANY

BULLETIN

TO: Our Valued Clients

DATE: March 14, 2017

SUBJECT: Agency Overlay Policies

BULLETIN: 17-02

***** IMPORTANT NOTICE *****

We have made changes to our Agency Overlay Policies to provide greater clarity and consistency with our overall credit risk policies. Below are changes which will be effective for loan applications dated on or after Wednesday, March 15, 2017.

- We implemented minimum credit scores for FHA Streamline refinances and VA Interest rate Reduction Loans (IRRL) for loans NOT currently serviced by Towne Mortgage.
- We clarified our thin credit policy for borrowers with a history of responsible credit usage.
- We added additional restrictions and required compensating factors for FHA and VA loans that receive Approved AUS findings AND debt-to-income ratios are over 55%.
- We added additional DTI restrictions for FHA refer loans with credit scores under 620.
- We added DTI restrictions AND required compensating factors for FHA refer loans with credit scores 620 and over
- We added DTI restrictions and compensating factor requirements for VA loans with DTI over 55%.
- We added documentation requirements and clarified underwriting considerations when borrowers are using business assets for closing.

In addition, we have removed our requirement for an AVM or appraisal on VA IRRLs. FHA Streamline refinances and VA IRRL guidelines will be updated shortly to incorporate these changes.

Please contact your Account Executive with questions.

Operations Group
Towne Mortgage Company