

General Underwriting and Conforming Product Changes

The following changes to Reunion's General Underwriting Guidelines and Conforming products are in response to investor changes, and are effective immediately.

General Underwriting Guidelines

Credit/Liabilities

Verification of Debts

- For each liability, the underwriter will determine the unpaid balance, terms of repayment and borrower's payment history, and document all liabilities.

Business Debt

- Business debts may not have any history of delinquency, and must be taken into consideration in the cash flow analysis of the business.

Income

Income Calculation

- The calculation used to determine all qualifying income must be documented.
- Self-Employed Income - If either the borrower or co-borrower is self-employed, in addition to the required wage earning income documentation, two years complete personal tax returns must be provided even if the income is not being used to qualify.

Assets

Bank Accounts

- Joint Accounts - Obtain a letter from the non-borrowing co-depositor(s).

Business Funds

- Business funds are not accepted for downpayments or reserves.

Loans Secured by Other Assets

- Borrowed funds that are secured by an asset owned by the borrower are accepted for owner-occupied, but not for 2nd homes and investment properties.

Earnest Money Deposits

- Earnest Money Deposits must be documented with a copy of the cancelled check or a copy of the deposited check, and proof that the check was cashed.

Sale of Real Estate

- The net proceeds that will be generated from the sale of an existing property must be established with an executed/signed closing statement (HUD-1).

Property/Appraisal

Property Condition

- All utilities must be turned on and in good working order at time of inspection.

Increase in Value / Flipping

- Additional restrictions apply for purchases of properties recently transferred, if the seller is not a lender or government institution (< 180 days).

Borrower

Borrower

- The maximum number of borrowers (conventional and government) is four.

Qualifying

- All ARMs - Use payment calculated on greater of index plus margin or Note rate.
- 2/1 Buy Down - Use fully amortized Note rate payment (not bought down payment).

Transaction Types

Purchase

- New restrictions on real estate sales commissions greater than 8%.
- HOA subsidies are not allowed, including advance payments by a third party.

Refinance

- FHA: Restructured loans are not eligible for refinance.
- A payoff demand statement is required.

Conforming Programs (Fixed and LIBOR ARM)

- The Conforming 10/1 ARM (C101L) has been discontinued due to inactivity.
- LP is not allowed.
- Some minimum FICO scores have increased due to investor requirements (refer to matrices).
- The maximum LTV/CLTV for 2-unit properties has been reduced.

Click to view the updated [General Underwriting Guidelines](#), [Conforming Fixed](#) and [Conforming LIBOR ARM](#) Product Guidelines.

If you have any questions, please contact your Account Executive or local branch.