

PCM GUIDELINE UPDATES

(please note that PCM Announcement PCM10-43 supersedes the FHA TOTAL guideline change below)

Pinnacle Capital Mortgage has made various additional guideline updates as highlighted below:

⇒ CONFORMING GUIDELINES:

- **Lowered credit score requirement to 720 and added Rate/Term option for Radian MI on 95% loans**
 - (Previous credit score requirement was 760 and was restricted to purchases only).
- **Clarified that PUDs that are part of a subdivision are allowed on Construction to Perm**
 - (PUDs that are part of a Master Planned Community are not allowed).
- **2 year property management history added to 'Rental Income from Investment Property'**
 - (Relocated from 'Rental Income from 2-4 Unit Primary Residence' section).
- **Appraisal seasoning has been updated to 6 months**
 - (Previously 12 months)
- **Clarification of Acceptable LARA Response of 2**
 - (Reduced value must be used unless value is successfully disputed or per LARA a recommendation of a field review or a 2nd appraisal that supports the original value).
- **Clarification on commission & bonus income**
 - (If earnings show a decline in the current year, provide strong offsetting factors to make commission/bonus income acceptable, particularly if commission or bonus income accounts for > 50% of a borrower's total qualifying income).
- **Cash-out Refinance definition for Conf ARM loans**
 - (The following situations will be considered a Cash-Out transaction on Conforming ARM transactions: 1) Any consumer debt being paid off at closing, even from the borrower's own pocket. 2) If a borrower comes in with cash to pay off a non-purchase money second. Non-purchase money second liens, including reconveyance & similar fees, must be paid off prior to close for a transaction to be considered rate/term. If these liens are not paid prior to close, the transaction will be considered cash-out, even if the funds are provided by the borrower at closing).

⇒ CONFORMING HIGH BALANCE GUIDELINES:

- **Paying off consumer debt at closing will be considered cash-out**

⇒ FHA GUIDELINES:

- **Clarification of when Rental Income can be used when a borrower is converting their Primary Residence**
- **FHA Cash-Out refinances with existing subordinate financing: Unlimited CLTV**
 - (Provided that the lien can be subordinated to the FHA-insured mortgage, the subordinate financing has been paid-as-agreed and the borrower qualifies with the scheduled payments on all liens).
- **Investment Properties are allowed on FHA Streamline Refinances transactions without an appraisal**
 - (Fixed rate only, standard loan amounts only).
- **Clarified that TOTAL Scorecard is ineligible on all FHA Streamline Refinance transactions**
 - (Including credit-qualifying and non-credit-qualifying streamlines)

