

May 18, 2017

Announcement# 20170518

## Jumbo 2 and High Balance 1 (non-agency)

**Western Bancorp** is pleased to announce the several credit policy updates to the Jumbo 2 and High Balance 1 Programs.

Below is a summary of the notable changes implemented by Western Bancorp. For a full version of the Western Jumbo 2 and High Balance 1 Guidelines [CLICK HERE](#) Guidelines are effective with this announcement.

| Topic  | Previous Guideline   | Correction or Revision   |
|--|--|--|
| Rate and Term  | Pay off of the current mortgage to include principal balance plus accrued interest, and any required prepayment penalty only. (Other costs such as late fees and past-due amounts may not be paid with the new loan proceeds.)                     | Pay off of the current 1 <sup>st</sup> and 2 <sup>nd</sup> liens (if documented that the 2 <sup>nd</sup> lien was incurred as part of the acquisition) All other Jr. liens that will be paid off through the new transaction will be considered cash-out.  |
| Multiple Properties Financed   | Borrower(s) may own a total of four (4) financed properties, including the subject property and regardless of occupancy and are limited to one unit in any one project or subdivision.   | Borrower(s) may own a total of six (6) financed properties, including the subject property and regardless of occupancy and are limited to one unit in any one project or subdivision.  |
| Significant Derogatory Credit Waiting Periods                              | <b>Significant Derogatory Credit Waiting Periods</b>   |  |
|  | <b>Derogatory Event</b>  | <b>Waiting Period Requirements</b><br>Measured from Event Date to Application Date   |
|  | Bankruptcy – Chapter 7 or 11   | None Allowed   |
|  | Bankruptcy – Chapter 13  | None Allowed   |
|  | Multiple Bankruptcy Filings  | None Allowed   |
|  | Foreclosure  | None Allowed   |
|  | Deed-in-Lieu of Foreclosure, Short Sale, or Charge off of Mortgage Account   | None Allowed   |
|  | Restructured (modified) Mortgage   | None Allowed if due to adverse circumstances   |
| <b>Significant Derogatory Credit Waiting Periods</b>                       |  |  |
| <b>Derogatory Event</b>  |  | <b>Waiting Period Requirements</b><br>Measured from Event Date to Application Date   |
| Bankruptcy – Chapter 7 or 11   |  | 7 years from discharge/dismissal   |
| Bankruptcy – Chapter 13  |  | 7 years from discharge/dismissal   |
| Multiple Bankruptcy Filings  |  | None Allowed   |
| Foreclosure  |  | None Allowed   |
| Deed-in-Lieu of Foreclosure, Short Sale, or Charge off of Mortgage Account |  | 7 years from event   |
| Restructured (modified) Mortgage   |  | None Allowed if due to adverse circumstances   |
| Employment Income  | The borrower must be employed with their current employer for a minimum of 6 months at the time of application.  | The borrower must be employed with their current employer for a minimum of 6 months at the time of application, if gaps of employment are present that exceed 30 days. If the employment history verifies the borrower has had no gaps of employment over 30 days, 3 months at their current position is acceptable. |
| Retirement, Pension, Annuity and IRA Distributions                         | <ul style="list-style-type: none"> <li>• Copy of the award letter(s) from the organization providing the income</li> <li>• Most recent years 1099-R</li> <li>• Most recent 6 months bank statements reflecting the deposit of the funds</li> </ul> | <ul style="list-style-type: none"> <li>• Copy of the award letter(s) from the organization providing the income</li> <li>• Most recent years 1099-R (<i>if applicable</i>)</li> <li>• Most recent 6 months bank statements reflecting the deposit of the funds</li> </ul>  |