

June 8, 2017

## Jumbo 4 Guideline Revision-Rental Income from Other Real Estate Owned

Western Bancorp has updated the Jumbo 4 Guidelines to reflect a recent credit policy update. A summary of the updates are provided with this announcement and can also be found in [Western Bancorp Products](#)

JUMBO 4		
Topic	Previous Guideline	Updated Guideline
<b>Rental Income from Other Real Estate Owned</b>	<p>Rental income may be used for qualification when it is considered stable. To demonstrate the stability of rental income, the borrower must have a 24 month landlord history with no gaps greater than 3 months and be reflected on the most recent 2 years personal tax returns.</p> <p>Rental income from other properties owned should be calculated off the 1040 tax return Schedule E and must be supported by a current lease. If instances when leases are “rolled over” to month-to-month agreements a copy of the most recent lease and proof of receipt of the income must be provided.</p> <p>In cases where the investment property was acquired subsequent to the most recent tax filings year signed lease can be used to calculate the qualifying rental income with a 75% occupancy factor and proof of receipt of the rents since the inception of the lease.</p>	<p>The documentation required to validate rental income stability and verify the rental income for all property(ies) is as follows:</p> <ul style="list-style-type: none"> <li>• The borrower must have a 24 month rental history with no gaps greater than three (3) months and the 24 month rental history must be filed on Schedule E of the borrower’s personal tax returns.</li> <li>• Copy of borrower(s) signed individual tax returns with all schedules <b>AND</b> Copy of current lease and/or rental agreements for all property (ies).</li> <li>• If any of the lease /rental agreement(s) have been executed (does not apply to renewal/extension to the lease/rental agreement) within 60 days of application, validation of rents received by the borrower(s) is required (i.e. bank statements, cancelled checks, etc).</li> </ul>

**Pipeline Impact**—all loans, regardless of stage are subject to the guideline revisions

Please Contact your Account Executive regarding any questions or ask [ask@westernbancorp.com](mailto:ask@westernbancorp.com)