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BULLETIN 2007

Origination of Agency Loans

The purpose of this bulletin is to clarify New Jersey Housing & Mortgage Finance Agency's position for qualifying a First time Homebuyer. To this end, the Agency has always required that the entire income of the household, the occupancy of the residence being financed and those in title to be secondarily liable on the mortgage be considered as criteria for a our mortgage programs. It has become apparent to us during the past several months that, our originators have generated mortgage applications, which have avoided these criteria. For the sake of clarification the Agency requires that those parties who are "in-title" (Deed) will need to qualify as owners of in our mortgaged programs. The notion of "qualify" is to meet our "credit underwriting", income limits, loan ratio, IRS homebuyer rules as well as any other standards we have announced in the past.

It should be clearly understood that the Agency will not purchase any mortgage loan that does not fit our requirements, i.e., the "spouse" signs the Mortgage, but was not part of our underwriting or credit review. A simple rule of thumb is that the borrowers are either "on every" document or

"not on every" document. Loans for purchase cannot carry a mixture of this process.

We are currently aware that you have loans within your pipeline and are subject to our underwriting review. Therefore, Effective January 1, 2008, the Agency will no longer accept any mortgage, which has been altered, and which does not adhere to IRS regulations for funding. Those files pending purchase will be reviewed on a case-by-case basis with our recommendations for correction.

We trust this information resolves your origination process. Yet, should you have questions, please contact us.