

## 53<sup>rd</sup> BANK NEW DOCTOR PURCHASE PROGRAM

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This Product Guide outlines policies for the New Doctor Purchase Program. A New Doctor is defined as a licensed Intern/Resident/Fellow scheduled to complete medical residency and commence work within 90 days of the Note date OR has commenced work within the last 12 months with a hospital or physician group

Borrower must be:

- In residency or set to begin new residency within 90 days of closing OR
- Has been employed as a non-resident for < 12 months

**AND**

- MD, DPM or DO degrees only

The following document must be obtained if borrower is a ***Graduate*** of Medical School:

- Copy of current medical license
- Non-contingent contract (from hospital or physician group) signed by all parties and stating ALL of the following:
  - Position
  - Start date (must not be more than 90 days past Note date)
  - Salary
  - Length of contract

**Note:** A non-contingent offer letter signed by all parties and stating all the required terms is acceptable.

The following document must be obtained from borrowers who ***are Pre-Graduates*** of Medical School:

- Contract **or offer letter** (from a hospital or physician group) signed by all parties contingent on the borrower's receipt of their medical license
  - Contract **or offer letter** cannot contain any additional contingencies (pre-employment drug screening and background checks are ok)

**NOTE:** Pre-Graduates are considered students that will be graduating from a medical program within the months of March, April, May, and June ONLY

## Maximum Loan Amounts and Products Offered under New Doctor Purchase Program

417k for Conforming rates and terms 3/1, 5/1, 7/1, 10/1 ARM and 15, 20 and 30 year fixed rates

>417k and up to 500k Jumbo rates and terms for 100% financing 3/1, 5/1, 7/1, 10/1 ARM and 15 and 30 year fixed rates.

>500k up to 1 million max Loan to Value is 95% for Jumbo rates and terms 3/1, 5/1, 7/1, 10/1 ARM and 15 and 30 year fixed rates.

### MINIMUM CREDIT REQUIREMENT AND ASSET REQUIREMENTS:

- Credit history must cover a minimum of 48 months, AND
- Must include a minimum of 4 tradelines, 2 active within the last 24 months, AND
- At least 1 tradeline must be currently open and not be a collection or charge off
- Borrower's must have a minimum credit score of 700

**Note:** Authorized user accounts, deferred student loans and non-traditional/alternative credit accounts are NOT acceptable tradelines.

If there is current mortgage reporting on credit report then the following must occur:

- 0x30 day mortgage late payments in last 12 months
- 0x60 day mortgage late payments in last 24 months

So basically if there is a current mortgage reporting on the credit report there can't be any 30 day late payments in the last 12 months and there can't be any 60 day late payments within the last 24 months.

Maximum Debt to Income Ratio is 45%

Student loan payments are not included in this calculation and can be excluded from the ratios.

Example: Borrower's current offer letter is for \$48,000 a year which equals a monthly income of \$4000

So with a \$4000 monthly income the borrower can have a total monthly debt including the total mortgage of \$1800 a month (total mortgage payment must include principle, interest, property taxes, home owner's insurance and home owner association dues if applicable)

So let's say borrower has 3 minimum credit card payment totaling \$150 that is reporting on the credit report and has a \$300 auto loan payment also reporting on the credit report. So you would take the max allowed in this case of \$1800 a month and subtract \$450 and then the maximum allowable mortgage payment which includes Principle and interest, taxes and insurance and home owner association dues if applicable would be \$1350.

#### ASSETS REQUIREMENT:

The following must be verified and documented and must come from borrower's OWN FUNDS:

- Required down payment (you can go 100% Loan to Value on this product so a down payment is not required)
- Adequate cash reserves after Note date to pay monthly PITI during employment gap

AND

- Additional 2 months PITI

For Example:

The total combined mortgage payment is \$1350 which includes taxes, insurance and home owner's association dues, the borrower must have an asset account that has 2 months reserves and in this case \$2700 of his or hers own funds. This requirement can NOT be gifted from a relative and MUST come from borrower's own funds.

A 30 day complete bank statement or asset statement is required to clear this condition. So basically the only Asset requirement for this product is the borrower must have 2 months of PITI that is in his or her own account with NO large unexplained deposits from unacceptable sources.

The only acceptable source of a large unexplained deposit on the borrower's bank statement is from income generated from the borrower from an employer and must be sourced and documented. No GIFT funds or graduation GIFTS can be used for this 2 month PITI requirement. As long as the bank statement doesn't show a large unexplained deposit from an acceptable source then it is allowed (if the borrower doesn't have this money currently as long as the money is put in the borrower's account and is seasoned for 60 days and the bank statement doesn't show the large deposit then it will be acceptable)

Borrower must open a 53<sup>rd</sup> account to qualify for this New Doctor Purchase Program (there is no fee for this account and borrower's payment must be set on an auto deduct from this account)

**Gift Funds:**

Gift funds are permitted to be used for the following:

- Additional funds for downpayment after the borrower meets the minimum down payment requirement
- Closing costs and prepaids

*Example #1: Program states maximum LTV is 100%; borrower is not required to have a down payment, however is permitted to put down additional funds they received as a gift.*

53<sup>rd</sup> bank Approved States Eligible for the NEW DOCTOR PURCHASE PROGRAM

Missouri

Wisconsin

Illinois

Michigan

Indiana

Kentucky

Tennessee

Alabama

Florida

Georgia

South Carolina

North Carolina

West Virginia

Ohio

Pennsylvania

