

BULLETIN #2017-10

TO: Distribution

DATE: February 15, 2017

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- [Credit and Guideline Enhancements](#)
- [Freddie Mac' Loan Collateral Advisor](#)
- [Reminder: Freddie Mac LPA and Income Qualification Changes](#)
- [CMG' Maximum Interest Credit at Closing](#)
- [Disaster List Updates](#)
- [VA Circular 26-17-3: Providing Sales Contract to Appraiser](#)
- [3/1 FHA ARM and 3/1 VA ARM added to Rate Sheet](#)

CREDIT AND GUIDELINE ENHANCEMENTS

Summary - Refer to the chart below for scheduled credit enhancements effective 2/10/2017 and guidelines enhancements effective 2/21/2017:

FINANCING TYPE/PROGRAM	EFFECTIVE DATE	CHANGE
Conventional, Home Ready, Home Possible	2/21/2017	Reduce minimum score to 620 to 95+LTV (currently 640)
Conventional, Home Ready, Home Possible, FHA & VA	2/21/2017	3-4 Unit NJ permitted with 100% QC Prefunding Audit
FHA	2/10/2017	Align with FHA an Overtime, Bonus & Commission income received less than two years.
FHA	2/21/2017	Removing CLTV Limit on FHA Streamlines.
FHA/VA	2/10/2017	Leaseholds are now permitted.
FHA/VA	2/21/2017	One valid credit score acceptable with AUS approval.
FHA/VA	2/21/2017	FHA/VA Manufactured permitted in all states. CMG overlay will apply and will be covered in a separate guideline addendum that will be available and posted on effective date.
VA	2/10/2017	Will allow use of previous loan amount as appraised value where VA IRRRL guidelines previously required an AVM.

Effective Date: As noted above. Credit only enhancements are eligible as of the date of this announcement and noted with a 2/10 effective date above. Updated pricing and updated guidelines are scheduled to be available as of February 21st, 2017 for all other enhancements.

Guidelines: Pricing and guidelines will be updated and available on the effective date of 02/21/2017.

FREDDIE MAC'S LOAN COLLATERAL UNDERWRITER

Summary: On February 10, 2017, 113 new Loan Collateral Advisor® feedback messages began appearing in the Uniform Collateral Data Portal® (UCDP®). These messages offer clear, actionable feedback to help you identify potential issues so that you can address them earlier in the process. Initially, the new messages will only be warnings, so they won't affect a "successful" submission status in the UCDP.

Any significant findings noted need to be addressed.

Please Note: There are no changes to CMG's Appraisal Review Procedures and the required use of Collateral Underwriter.

- CMG's [Appraisal Review Policy](#)
- CMG's [Appraisal Review Using FNMA Collateral Underwriter](#)

More information regarding Freddie Mac's Loan Collateral Underwriter can be found here:
http://www.freddiemac.com/singlefamily/news/2017/0206_lca.html

REMINDER: FREDDIE MAC LPA & INCOME QUALIFICATION CHANGES

Summary: As previously announced, Freddie Mac is revising income qualification requirements. Full changes are as noted in the "future" revisions of the Freddie Mac Selling Guide available from Freddie Mac via AllRegs. The revisions provide more comprehensive requirements and guidance with a focus on matters that impact the analysis of stable monthly income such as:

- Industry employment trends (e.g. employment characteristics)
- Determination of stability and calculation of fluctuating earnings
- Self-employment

Refer to [CMG Bulletin 2017-07](#) dated January 30, 2017 for additional information on the following notable items that impact CMG guidelines:

- Unreimbursed employee expenses
- Self employed & number of years of tax returns required based on number of years the business has been in existence
- Projected Income (Income commencing after Note Date)

Effective Date Reminder: Loans purchased on and after March 6, 2017 must meet the new requirements regardless of Loan Product Advisor findings. Loans purchased prior to March 6th must meet existing requirements.

References/Links:

<http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bl1623.pdf>
<http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bl1619.pdf>

CMG'S MAXIMUM INTEREST CREDIT AT CLOSING

Summary: Please note that due to servicing requirements, CMG's maximum interest credit at closing is 7 (seven) days for all conventional and government loans.

Effective Date: *Immediately*

DISASTER LIST UPDATES

Summary: CMG is instating the [CMG Disaster Policy](#) for additional counties in Georgia, to align with FEMA. The following counties have been added to the CMG Disaster List:

Georgia	
Thomas	Worth

Effective Date: *Immediately*

VA CIRCULAR 26-17-3: PROVIDING PURCHASE CONTRACT TO APPRAISER

Summary: VA issued Circular 26-17-3 and continues to require a copy of the agreement of sale or sales contract be provided to the fee appraiser by the requester of the VA appraisal upon assignment.

Action to Take: The requester of a VA appraisal must provide a copy of the agreement of sale and all addenda to the appraiser immediately upon assignment, but not later than 1-business day after the date of assignment. The assigned VA appraiser will analyze the agreement of sale and consider that analysis in establishing the fair market value of the property and any effect on VA minimum property requirement repairs. Should the requester fail to provide the agreement of sale to the appraiser, the appraiser will, upon notice to the requester, hold the assignment and notify VA of the delay.

a. If the agreement of sale/sales contract is amended during the appraisal process (prior to the effective date of the appraisal), the lender/requester must provide the updated contract to the appraiser to ensure the appraiser has the opportunity to consider any changes and their potential impact on value.

b. If the agreement of sale/sales contract is amended subsequent to the effective date of the appraisal, but prior to loan closing, the lender must use due diligence to determine whether the amendment(s) could reasonably be thought to affect the estimated value of the property. If so, the lender must forward the amended agreement of sale/sales contract to the VA fee appraiser for consideration. The appraiser will be responsible for determining the impact of the amended sales agreement and compliance with all provisions of USPAP in developing and reporting credible assignment results. Depending on the amount of time and/or the extent of any change to the originally considered agreement of sale/sales contract, the circumstances may warrant the appraiser to consider such a change to constitute a new assignment under USPAP, and an additional fee may be warranted up to the full amount of a new appraisal. Such additional fees may be paid by the Veteran. Disputes in regard to any additional fees should be referred to the Regional Loan Center (RLC) of jurisdiction.

c. If the lender fails to perform due diligence in reviewing any subsequent agreement of sale/sales contract amendment(s), and/or fails to forward the contract amendment appropriately, the loan may be subject to review for indemnification, or any claim against the guaranty may be subject to adjustment.

Effective Date: *As of the date of the circular release, February 6, 2017.*

Link to full circular: [Circular 26-17-3](#)

3/1 FHA ARM and 3/1 VA ARM ADDED TO RATE SHEET

Summary: CMG's Correspondent rate sheet will be updated on February 16, 2017 to reflect the addition of a 3/1 FHA ARM and 3/1 VA ARM. Program codes are below:

VA Adjustable Rate Product Type	Program Code 3/1 ARM
Conforming	4131
High Balance	4131HB
IRRRL	4131IRRRL
High Balance IRRRL	4131HBIRRRL
FHA Adjustable Rate Product Type	Program Code 3/1 ARM
Conforming	3131
High Balance	3131HB
Streamline	3131S

Effective Date: *February 16, 2017*

**Please contact your Correspondent National Sales Manager
or your Correspondent Liaison with any questions.**

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