

**BULLETIN #2017-12**

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**TO: Distribution**

**DATE: February 22, 2017**

**RE: CMG Financial Correspondent Lending Updates**

**EFFECTIVE: As noted below**

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**CMG CORRESPONDENT POLICY AND GUIDELINE UPDATES**

**Topics Covered in this Announcement:**

- [Freddie Mac Changes – Verification of How Long the Borrower's Business Has Been in Existence](#)
- [Update to Guideline Enhancements effective February 21, 2017](#)

**FREDDIE MAC CHANGES-VERIFICATION OF HOW LONG THE BORROWER'S BUSINESS HAS BEEN IN EXISTENCE**

**Summary:** As previously announced, Freddie Mac is changing the documentation requirements for self-employed borrower based on the number of years the business has been in existence. The number of years of required tax returns will be based on the number of years the business has been in existence as follows:

- For businesses operating for five or more years, one year of business and personal returns will be required
- For businesses operating for less than five years, two years of business and personal returns will be required

The Freddie Mac selling guide indicated the following in regards to verification of how long the business has been in existence:

- For partnerships, S corporations and corporations, the federal income tax return(s) for the business must indicate the number of years that the business has been in existence
- For sole proprietorships, the federal individual income tax return(s) and any other documentation or information received must not contradict the number of years that the business has been in existence as documented on the loan application.

**Effective Date:** CMG implementation date, as previously announced, is March 6th.

**UPDATE TO GUIDELINES ENHANCEMENT EFFECTIVE FEBRUARY 21, 2017**

**Summary:** CMG Correspondent Lending will modify Loan Level Price Adjustments (LLPA) on Monday, February 27, 2017 for enhancements effective on February 21, 2017 as previously announced in Bulletin 2017-10 and outlined below:

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	2/21/2017	Removing CLTV Limit on FHA Streamlines.
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.

**Effective Date:** *Guideline enhancements effective February 21, 2017. Loan Level Price Adjustments (LLPA) effective February 27, 2017.*

All Guidelines have been updated. For details refer to [Correspondent Resources](#)

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

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