

BULLETIN #2015-09

TO: Distribution

DATE: March 25, 2015

RE: Updates to Income Validation and VA Fee Policies,
Submission Form, Reminder Fannie Mae Changes

EFFECTIVE DATE: As indicated below

CMG CORRESPONDENT POLICY AND GUIDELINE UPDATES

Topics Covered in this Announcement:

- Update: CMG Income Validation Policy
- Update: CMG VA Fee Policy
- Update: CMG Loan Submission Form
- Reminder: Fannie Mae Changes

UPDATE: INCOME VALIDATION POLICY

Effective Date: Immediately

Summary: CMG's [Income Validation Policy](#) is updated to clarify tax transcript requirements and include tables (see page 2 – it's entirely new). In addition, 2106 business expenses are also clarified. These updates are not reflective of policy shifts; but, they are clarifications to existing policy and how to apply the policy.

UPDATE: VA FEE POLICY

Effective Date: Immediately

Summary: CMG's [VA Fees Policy](#) is updated to clarify charging unallowable fees when the origination fee is less than one percent. Fees remain capped at one percent.

Sellers are permitted to charge an origination fee of up to one percent of the new loan amount after adding the funding fee to the loan, if the funding fee will be paid from loan proceeds (refer to VA Form 26-8923 for IRRRLs). If the full one percent origination fee is charged, only Allowable Fees may be charged to the borrower. If less than one percent origination is charged, then unallowable fees may be charged up to the one percent cap.

For complete details, please refer to CMG's [VA Fees Policy](#).

External Resources:

- [VA – Lender Handbook Chapter 8](#)
- [VA – Circular 26-14-36](#)

UPDATE: LOAN SUBMISSION FORM

Effective Date: Immediately

To ensure the highest quality review and most expeditious purchase process, Sellers should utilize CMG's updated [Loan Submission Form](#).

Changes include reference to providing:

- Safe Harbor (Y/N)
- Escrow Holdback (Y/N)
- AUS Findings
- Final Lock Confirmation (Seller to Borrower)
- QM Income and Debt Worksheet for Conventional loans only
- Income Calculation Worksheet or 1008/LT/VA Loan Analysis with comments by Underwriter
- 4506-T signed
- Verbal VOE within 30 days of closing for self-employed borrowers
- Master Insurance Policy, if applicable
- UCDP Findings
- All Initial Disclosures including state specific forms
- Homeownership Counselor list
- For Texas Cash-out, Copy of signed HUD-1 executed one day prior to Note Date, if applicable
- All Final Disclosures/TILs/GFE's/Change of Circumstance Disclosures
- Collateral Package should be sent "Attention Correspondent Lending" at the address indicated

REMINDER: FANNIE MAE CHANGES

As a reminder, Fannie Mae has two significant changes effective in April:

1. Self Employed Borrower updates and clarifications
2. Desktop Underwriter® v9.2

SELF EMPLOYED BORROWERS - UPDATES/CLARIFICATIONS

Effective Date: Applications taken on or after April 1, 2015

Summary: With Selling Guide Announcement SEL 2014-16, dated December 16 2014, Fannie Mae released a number of clarifications and updates to policies related to self-employment income and the Cash Flow Analysis (Form 1084). Sellers are encouraged to thoroughly review the Announcement.

Notable changes/clarifications include (but are not limited to):

- Analyzing borrower's business vs personal income
- Income or Loss Reported on IRS Form 1065 or 1120S, Schedule K-1
- Waiving the requirement for business tax returns
- Income verification for Self-Employed Co-Borrowers
- Use of Business Assets
- Revised: Fannie Mae *Cash Flow Analysis* ([Form 1084](#))

Sellers may implement these changes immediately but must do so for applications dated on or after April 1, 2015.

Additional Resources:

- [Selling Guide Announcement SEL-2014-16](#)
- **Updated Selling Guide Topics**
 - [B3-3.2-01](#), Underwriting Factors and Documentation for a Self-Employed Borrower
 - [B3-3.2-02](#), Business Structures
 - [B3-3.2.1-08](#), Income or Loss Reported on IRS Form 1065 or 1120S, Schedule K-1
 - [B3-3.2.2-01](#), Analyzing Partnership Returns for a Partnership or LLC
 - [B3-3.2.2-02](#), Analyzing Returns for an S Corporation

DU VERSION 9.2 APRIL UPDATE

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Effective Date: Case files submitted or resubmitted on or after the weekend of April 18, 2015

Summary: Fannie Mae will be updating Desktop Underwriter® for the following:

- Collateral Underwriter Messages
- Disputed Tradeline Message Enhancement
- Miscellaneous Message Text Updates to Align with the Selling Guide (No additional details provided by Fannie Mae; however, various DU messages will be updated in order to provide clarity and consistency with the Selling Guide.)

Please refer to Fannie Mae's [Release Notes for the DU Version 9.2 April Update](#) for complete details.

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

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