

BULLETIN #2016-23

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TO: Distribution

DATE: June 2, 2016

RE: CMG Financial Correspondent Lending  
Updates

EFFECTIVE: As noted below

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### CMG FINANCIAL CORRESPONDENT LENDING UPDATES

#### Topics Covered in this Announcement:

- Reminder: IRRRL Seasoning Requirements
- Miscellaneous Guideline Updates/Clarifications

#### REMINDER: IRRRL SEASONING CLARIFICATIONS

**Reminder:** CMG will permit an IRRRL transactions that puts the veteran in a better financial situation even if the veteran will fall just short of the Safe Harbor seasoning requirement. The transaction must meet all CMG's Rebuttable Presumption eligibility criteria. Refer to full memo and guidelines for additional details.

**Recap of CMG's Policy [VA IRRRL Qualified Mortgage CPS 1008-ALL](#) & Rebuttable Presumption Eligibility:**

Topic	Safe Harbor	Rebuttable Presumption
Recoupment*:	Recoupment does not exceed 36 months	Recoupment must not exceed 60 months
Seasoning:	Seasoning Requirement (6 months) is met and at least 6 payments have been made on the original loan as per <a href="#">Exhibit A of VA Circular 26-16-3</a>	CMG will permit an IRRRL transactions that puts the veteran in a better financial situation even if the veteran will fall just short of the Safe Harbor seasoning requirement.
Mortgage Payment History:	<ul style="list-style-type: none"> <li>o For mortgages with less than 12 months payment history, the borrower must have made all mortgage payments within the month due (0x30)</li> <li>o For mortgages with a 12 month payment history or greater, the borrower must have: <ul style="list-style-type: none"> <li>▪ No more than one 30 day late payment in the preceding 12 months, and</li> <li>▪ No 30 day lates during the 6 month period prior to closing date of the subject loan.</li> </ul> </li> </ul>	CMG requires no mortgage lates for most recent 12 months. Note: For mortgage histories with less than 12 months available, the borrower must have made all mortgage payments within the month due (0x30)
HPML:	No restriction	HPML not permitted
Other (CMG requires income waiver test to be met for all IRRRLs):	No principal balance increase except for allowable points and fees Allowable points and fees cannot exceed 3% Rate must be lowered or convert arm to fixed All other VA IRRRL requirements must be met	

\* Recoupment can be waived if converting from an ARM to a Fixed Rate OR Reducing the duration of the borrowers fixed term

## MISCELLANEOUS GUIDELINES UPDATES AND CLARIFICATIONS

- **UPDATE- FHA/VA:**
  - o CMG Correspondent will no longer purchase 3/1 ARMs
- **UPDATE- Mortgage Credit Certificates (MCC) FNMA/FHLMC/FHA/VA/USDA:**
  - o Now eligible for purchase by CMG Correspondent providing the following:
    - **Mortgage Credit Certificates** are not eligible to be used as income or reduction of a housing payment for purposed of qualifying the borrower.
    - In addition CMG will not complete any required IRS reporting.
- **CLARIFICATION- 6200 Series Jumbo:**
  - o Correspondent 1st Party Transactions are permitted. (Correspondent TPO not permitted).
  - o Prior approval is required (non-delegated).

**Effective Date:** Updates and clarifications effective immediately. Loan Matrices will be updated and reposted by June 3rd, 2016.

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

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