

BULLETIN # 2018-21

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TO: Distribution

DATE: June 27, 2018

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: DU Updates including AMI for HomeReady
- Jumbo Guideines Updates

**REMINDER: DU UPDATE INCLUDING AMI FOR HOMEReadY**

**Summary:** As a reminder, this weekend Fannie Mae implemented an update to DU. This release included a change that allows lenders to instruct DU to disregard bankruptcy information in the eligibility assessment that is incorrect or due to extenuating circumstances\*. It also allows lenders to disregard excessive mortgage delinquency information that is incorrect. Other changes with the release include updates to DU validation service, Potential Casefile Reuse, IPC Data Field retirement, Detached Condo Updates and HomeReady Income Limits.

This release includes updates to the following:

- Bankruptcy and Mortgage Delinquency Assessment
- DU Validation Service
- Potential Casefile Reuse
- IPC Data Field Retirement
- Detached Condo Updates

For more details on the above, please refer to [Corporate Weekly Memo dated April 27, 2018](#)

**HomeReady Income Limits:** In addition, on June 23, 2018, the 2018

HomeReady income limits were implemented in Desktop Underwriter® (DU®) and published on the Fannie Mae website. DU will apply the 2018 limits to new DU loan casefiles created on or after June 23, 2018. Loan casefiles created prior to June 23 will continue to use the 2017 limits. For loan casefile submitted or resubmitted on or after June 23, 2018, DU will also use the 2018 income limits and census tract designations when issuing the housing goals.

**Note:** The AMI data in DU and on the Fannie Mae website may differ from the median income estimates posted on the U.S. Department of Housing and Urban Development's website. HomeReady® 2018 Area Median Income estimates (AMIs) are provided to Fannie Mae by the Federal Housing Finance Agency. These AMIs are used in determining borrower eligibility for HomeReady mortgage loans.

**Links:**

[https://www.fanniemae.com/content/release\\_notes/du-do-release-notes-06232018.pdf](https://www.fanniemae.com/content/release_notes/du-do-release-notes-06232018.pdf)

<https://www.fanniemae.com/content/announcement/ntce052218.pdf>

**JUMBO GUIDELINES UPDATES**

**Summary:** Jumbo guideline updates 6200,6600,6700 Series and 7200 and 7600 Non QM Series

Eligible Asset Types – Clarification; *effective immediately*.

- Adding “publicly traded” to stocks. Privately held stock is ineligible.
- Adding requirement for evidence of access to retirement accounts (employer-sponsored) when used for reserves.

K-1 Income – Clarification; *effective immediately*.

- Adding requirement for YTD income and verification of employment to be verified for borrowers with less than 25% ownership if the most recent K-1 is more than 90 days aged prior to Note Date.

Rental Income – Clarification; *effective immediately*.

- Adding requirements for rental properties with leases that roll over:
  - Copy of most recent lease with a roll over clause or if property is in a state where all leases roll over month-to-month at the end of the lease term.
  - Current documentation to evidence receipt of rent (copy of check or

deposit into bank account).

RSU Income – *Effective for loans locked on or after 6/27/2018*

- Revising the requirement for continuance based on vesting schedule from 36 months to 24 months.
- Revising the requirement for the stock price (applied to the vesting schedule) using the 52-week low to allow the lower of the 52-week average or current stock price.
- The 52-week average or current stock price may be based on application date rather than closing date.

Condominiums – *Effective for all loans locked on or after 6/5/2018*

- Removing overlays to align with Fannie Mae limited review for attached condominiums based on Fannie Mae Announcement SEL-2018-05:
  - Projects located in Arizona, Michigan, Nevada and Texas are now eligible for limited review.
  - Projects in Florida remain ineligible for limited review.
  - LTV/CLTV/HCLTV restrictions removed; aligned with Fannie Mae update.
  - Investment properties allowed for limited review; aligned with Fannie Mae update.
- All other Fannie Mae condominium guidelines pertaining to SEL-2018-05 will be allowed except for manufactured condominiums and the age of condominium documents must be no older than 120 days from Note date.
- 6700 Series: Adding limited review as an option for attached condominiums.
- 6600 & 7600 Series: Removing maximum commercial space of 35% under Non-Warrantable condominium guidelines due to Fannie now allowing commercial space up to 35%.

Ineligible Property Types – Clarification; *effective immediately*.

- Adding Tenants-in-Common projects (commonly known as TICs) as an ineligible property type.

Notice of Right to Cancel Forms – Clarification; *effective immediately*.

- Adding Illinois to the states that require the proper model form be used for rescission

Title & Closing – Clarification; *effective immediately*

- Adding requirement for POA to comply with any state specific requirements

7200 & 7600 Jumbo – Clarification; *effective immediately*.

Clarification added for Option 1 for Departure Residence to be Sold:

- Departure residence may be listed for sale or intent to list for sale. If listed for sale, copy of current listing should be provided.
- If listed for sale, the lower of the appraised value or current listing should be used to determine the 20% equity.
- If the departure residence has been on the market over 6 months, 24 months reserves (PITIA on departure) is required.

**Guidelines:** Will be updated and reposted on 6/27/2018

*Please contact your Correspondent National Sales Manager*

*or your Correspondent Liaison with any questions.*



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