

**BULLETIN #2016-28**

**TO: Distribution**

**DATE: June 29, 2016**

**RE: CMG Financial Correspondent Lending Updates**

**EFFECTIVE: As noted below**

**CMG FINANCIAL CORRESPONDENT LENDING UPDATES**

**Topics Covered in this Announcement:**

- [Update: LP 2106 Expenses / Student Loans](#)
- [Update: Income Validation Policy](#)
- [Update: USDA Income Limits](#)
- [EAD Portal-FHA Transactions](#)

**UPDATE: LP 2106 EXPENSES / STUDENT LOANS**

- **2106 Expenses:** For conventional conforming LP loans 2106 expenses reported are only required to be subtracted if the Borrower receives commission/bonus income that is being used to qualify.
- **Student Loans:** For Conventional Conforming loan underwritten with LP, the payment showing on the credit report may be used to qualify as long it is not \$0, not deferred, nor in forbearance. Note: This differs from DU requirements that require the greater of 1% or payment reporting to be used to qualify (unless documentation supports reported payment is fully amortizing.)

**Effective Date:** Enhancements are effective immediately.

**UPDATE: INCOME VALIDATION POLICY**

**Summary:** Effective immediately, CMG will permit W2 Transcripts for conventional conforming loans underwritten via LP under same requirements as DU conventional conforming loans:

- W2 borrowers only
- W2 transcripts required on all applicable W2's considered
- Any borrower with rental properties or commissioned income or self-employed income requires full tax returns and transcripts for the applicable years□
- If AUS requires tax returns for any reason, tax transcripts are required
- Must meet all other FNMA/FHA requirements, as applicable.
- Either tax return transcripts or W2 transcripts are required on ALL loans

**Policy:** [CMGs Income Validation Policy](#)

**UPDATE: USDA INCOME LIMITS**

**Summary:** The 2016 [Income Limits](#) for the Single Family Guaranteed Loan Program were published on June, 2016 through a special [Procedure Notice](#) (PN). The Guaranteed Underwriting System (GUS) and the Income Eligibility calculator in the [Eligibility website](#) have been updated to use the new income limits.

**EAD PORTAL-FHA TRANSACTIONS**

**Summary:** The Federal Housing Administration's (FHA) Electronic Appraisal Delivery (EAD) portal became mandatory for use on June 27, 2016. All appraisals for FHA case numbers assigned on or after this date must be submitted to FHA by mortgagees or their designated third-party service providers through the EAD portal. Without a successful submission to the Portal the loan will not be able to be insured.

- To further support mandatory use of the EAD portal, on June 30, FHA will implement a new warning message in FHAC's Case Number Assignment screen that will remind mortgagees that they must upload appraisals through the EAD portal. This message will appear for all cases requiring appraisal submissions through the EAD portal with case numbers assigned on or after June 27.
- On or after the June 27 mandatory use date, mortgagees **will no longer be able to** access the Appraisal Logging Screen in FHA Connection (FHAC) prior to submission of an appraisal through the EAD portal for case numbers assigned on or after June 27.

**Correspondent Transactions:** The Partner will be required to upload their appraisals into the EAD portal and provide the Submission Summary Report (SSR) findings showing a successful transmission along with the copy of the appraisal. Without proof of a successful submission to the Portal the loan will be ineligible for purchase.

**Effective Date:** As of June 27, 2016

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

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