CMG FINANCIAL
Correspondent Lending

BULLETIN #2015-25

TO: Distribution

DATE: August 28, 2015

RE: 6200 Series Jumbo Guideline Updates, LP Loans-Max LTV Ratios for Mortgage with Secondary Financing, Disaster List Update-Kentucky Addition and Principal Curtailment Matrix Update

EFFECTIVE: As noted below

CMG CORRESPONDENT POLICY AND GUIDELINE UPDATES

Topics Covered in this Announcement:

- 6200 Series Jumbo Guideline Updates
- LP Loans - Maximum LTV Ratios for Mortgages with Secondary Financing
- Disaster List Update: Kentucky Addition
- Principal Curtailment Matrix Update

6200 SERIES JUMBO GUIDELINE UPDATES

Summary: The following updates are effective immediately;

- Clarified if the most recent tax return or tax extension indicates a borrower owes money to the IRS or State Tax Authority, evidence of sufficient assets to pay the debt must be documented if the amount is due within 90 days of the loan application date.
- Added requirement for extended gaps of employment (6 months or greater) to include a documented two-year work history prior to the absence.
- Amended requirement for verbal verification of employment be performed no more than 10 business days prior to Note date *(previously indicated "or funding date").*
- Amended requirement for verification of self -employment be performed no more than 30 calendar days prior to the Note date (*previously indicated "or funding date").*
- Added additional option for verifying equity of at least 25% in departure residence (when using rental income to qualify) to include the option to document the equity with evidence of the original purchase price and the current unpaid principal balance.
- Added timeframe for disaster policy.
- Added licensed property inspection companies as an acceptable party to perform post - disaster inspections.
- Added note regarding requirement of borrowers to be of retirement age for Retirement Income.

Guidelines: Guidelines will be updated 8/21/2015 with all above referenced changes.

Link to Guidelines: 6200 Series Jumbo

LP LOANS - MAX LTV RATIOS FOR MORTGAGES WITH SECONDARY FINANCING

Summary: Currently, for LP loans the maximum LTV ratio requirements for Mortgages with secondary financing are 5% lower than the LTV ratio requirements for Mortgages without secondary financing. Freddie Mac is eliminating the separate lower LTV ratio requirements for Mortgages with secondary

financing.

Loan Prospector® is scheduled to be updated on August 24th to support this change.

Effective Date: Loans closing under the enhancement will be eligible for purchase/funding effective August 24th, 2015 as long LP is rerun prior to closing (but on or after the 24th and receives an Accept LP rating).

Reference: http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1506.pdf

DISASTER LIST UPDATE: KENTUCKY ADDITION

Summary: On 8/12/2015, FEMA declared a major disaster in the following Kentucky Counties: Carter County, Johnson County, Rowan County, and Trimble County.

Effective Date/Action to Take: Effective immediately all subject properties with zip codes in these counties will be subject to CMG's Disaster Policy.

PRINCIPAL CURTAILMENT MATRIX UPDATE

Summary: CMG's Principal Curtailment Matrix has been updated to clarify requirements for excess loan amounts.

Link to Document: Principal Curtailment Matrix

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

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