

**BULLETIN #2017-59**

**TO: Distribution**

**DATE: November 8, 2017**

**RE: CMG Financial Correspondent Lending Updates**

**EFFECTIVE: As noted below**

**CMG FINANCIAL CORRESPONDENT LENDING UPDATES**

**Topics Covered in this Announcement:**

- Fannie Mae Updates & Clarifications

**FANNIE MAE UPDATES**

**Summary:** See below for multiple Fannie Mae updates and clarifications:

**INTER VIVOS REVOCABLE TRUSTS**

Normally, Fannie Mae deems property in which no borrower has a direct ownership interest as ineligible collateral. An exception has been granted for inter vivos revocable trusts, a common estate planning tool that may involve instances where no individual borrower has an ownership interest in the mortgaged property.

- Fannie Mae made changes to the Selling Guide to clarify the distinction between the individual borrower and the inter vivos revocable trust as owner of an interest in the mortgaged property.
- Fannie Mae also clarifies expectations for the execution of notes and mortgages – see below for a partial screenshot and refer to full table in the updated Selling Guide:  
<https://www.fanniemae.com/content/guide/selling/e/2/05.html>

**Example Signature Requirements for Inter Vivos Revocable Trusts**

The following table provides guidance on how the note and the security instrument should be executed in various situations, including those involving *inter vivos* revocable trusts.

Borrower(s) (Credit Qualifying)	Property Owner(s) (On Title or by Operation of Law)	Note Signature(s)	Security Instrument Signature(s)
Individual A	Individual A	Individual A	Individual A
Individual A	Individual B	INELIGIBLE	INELIGIBLE
Individual A	Individual B + Other Individual(s) (Other than Individual A)	INELIGIBLE	INELIGIBLE
Individual A	Individual A + Other Individual(s)	Individual A	Individual A + Other Individual(s)
Individual A + Other Individual Borrower(s)	Individual A	Individual A + Other Individual Borrower(s)	Individual A
Individual A + Other Individual Borrower(s)	Individual A + Other Individual(s)	Individual A + Other Individual Borrower(s)	Individual A + Other Individual(s)
Individual A	Individual A (+ Other Individual(s) + Qualified	Individual A	Individual A (+ Other Individual(s) + Qualified IVR Trust(s)

## MORTGAGES PAID BY OTHERS

Fannie Mae is clarifying that when a borrower is obligated on a mortgage, but another party has been making the mortgage payments

- the lender may exclude the full monthly housing expense from the DTI ratio, provided the borrower is not using rental income from the applicable property to qualify; that is, the PITIA may be excluded and not just the principal and interest payment;
- the mortgaged property must still be included in the borrower's multiple financed property count and the unpaid principal balance for the mortgage must still be included in the calculation of reserves for multiple financed properties.

## FORM 1004D AS OPTIONAL FOR UNIFORM COLLATERAL DATA PORTAL (UCDP)

Lenders now have the option to submit the Appraisal Update and/or Completion Report, (Form 1004D) directly to the portal for conventional mortgage loans delivered to Fannie Mae.

**Effective Date:** *These are clarifications and updates effective immediately.*

**Link:** <https://www.fanniemae.com/content/announcement/sel1709.pdf>

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

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