

**BULLETIN #2017-02**

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**TO: Distribution**

**DATE: January 10, 2017**

**RE: CMG Financial Correspondent Lending Updates**

**EFFECTIVE: As noted below**

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**CMG FINANCIAL CORRESPONDENT LENDING UPDATES**

**Topics Covered in this Announcement:**

- [Tax Transcript & Income Validation Policy Changes](#)
- [New Product Announcement: Jumbo 6700 Series](#)
- [FHA Announces Changes to Annual Premium](#)

**TAX TRANSCRIPT AND INCOME VALIDATION POLICY CHANGES**

**Summary:** CMG no longer requires W2 nor full transcripts for salaried only borrowers. Income validation via tax transcripts is only required for the following:

- all transactions that require tax returns in the file (If AUS or guidelines require tax returns for any reason, tax transcripts are required),
- all USDA transactions,
- all non-agency (Jumbo) transactions

Borrower is still required to sign 4506T at time of application and again at funding on all transactions.

**Effective Date:** *Effective immediately.*

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

**NEW PRODUCT ANNOUNCEMENT: JUMBO 6700 SERIES**

**Summary:** We are excited to announce the release of the 6700 Series Jumbo product. This is a 30 year fixed rate jumbo product with LTV up to 90% with no mortgage insurance for a one unit primary residence. Maximum loan amount is \$1,500,000.

See guidelines for full details of product offering in addition to the summary below:

- **Product Code:** 6730 - 30 YR FXD
- **Eligible Borrowers:** US Citizens, Permanent Resident Alien. All borrowers must have a valid Social Security Number.
- **Underwriting Method:** All loans must be manually underwritten and fully documented. No documentation waivers based on Agency AUS recommendations are permitted.
- **Occupancy:** Primary Only
- **Minimum Loan Amount:** \$1 above the conforming limit for # of units
- **Maximum Loan Amount:** Up to \$1,500,000. Fixed Rate only. Refer to Product Matrix for restrictions.
- **Credit Standards:**
  - FICO minimums as low as 720. Refer to Product Matrix for restrictions.
  - Bankruptcy, Chapter 7, 11, 13 – Not allowed.
  - Foreclosure/Notice of Default – Not allowed.
  - Short Sale/Deed-in-Lieu – Not allowed.

- o Mortgage accounts that were settled for less, negotiated or short payoffs – Not Allowed.
- o Loan Modification – Not allowed unless the modification is unrelated to hardship and there is no debt forgiveness as evidenced by supporting documentation
- o Medical collections – allowed to remain outstanding as long as the balance is less than \$10,000 in aggregate.
- **Debt-to-Income Ratios**
  - o 38% for First-Time Homebuyers
  - o 43% for Non-First-Time Homebuyers
  - o Additional reserves are required for DTIs between 38.01% and 43.00%, please see Asset section for additional reserve requirements.
- **Property Types:**
  - o Allows for 1 Unit primary residences only.
  - o Second Homes and NOO **not** permitted.
- **Correspondent TPO not permitted.**
- **Prior approval required (non-delegated).**

**Effective Date:** *Immediately*

**Guideline Link:** [Jumbo 6700 Series](#)

### FHA ANNOUNCES CHANGE TO ANNUAL PREMIUM

**Summary:** FHA is reducing its annual mortgage insurance premium (MIP) by 25 basis points for most new mortgages with a closing/disbursement date on or after January 27, 2017. [See below for the full schedule of the new premium rates announced and refer to FHA's mortgagee letter.](#)

Annual MIP			
Base Loan Amt.	LTV	Previous MIP	New MIP
<b>Term &gt; 15 Years</b>			
≤ \$625,500	≤ 95.00%	80 bps	55bps
≤ \$625,500	> 95.00%	85 bps	60bps
> \$625,500	≤ 95.00%	100 bps	55bps
> \$625,500	> 95.00%	105 bps	60bps
<b>Term ≤ 15 Years</b>			
≤ \$625,500	≤ 90.00%	45 bps	25 bps
≤ \$625,500	> 90.00%	70 bps	50 bps
> \$625,500	≤ 78.00%	45 bps	25 bps
> \$625,500	78.01% - 90.00%	70 bps	25 bps
> \$625,500	> 90.00%	95 bps	50 bps
<b>Streamline, Simple Refinance of previous Mortgage endorsed on or before May 31, 2009</b>			
<b>Term &gt; 15 Years</b>			
Base Loan Amt.	LTV	Previous MIP	New MIP
All Loan Amounts	≤ 90.00%	55 bps	55 bps
All Loan Amounts	> 90.00%	55 bps	55 bps
<b>Term ≤ 15 Years</b>			
Base Loan Amt.	LTV	Previous MIP	New MIP
All Loan Amounts	≤ 90.00%	55 bps	25 bps
All Loan Amounts	> 90.00%	55 bps	25 bps

**References/Links:**

- **HUD Announcement:** [https://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2017/HUDNo\\_17-003](https://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2017/HUDNo_17-003)
- **Mortgagee Letter:** <https://portal.hud.gov/hudportal/documents/huddoc?id=17-01ml.pdf>

*Please contact your Correspondent National Sales Manager*

*or your Correspondent Liaison with any questions.*

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