BULLETIN #2015-05

TO: Distribution  
RE: Escrow Holdback Changes and Reminders for FHA Streamline, VA Fees and FHA/VA Age of Documents

DATE: February 11, 2015  
EFFECTIVE DATE: Immediately

CMG CORRESPONDENT POLICY AND GUIDELINE UPDATES

Topics Covered in this Announcement:

• Escrow Holdback Changes
• Reminders:
  • FHA Streamline Seasoning Requirements
  • VA Fees
  • FHA and VA Age of Documents

ESCROW HOLDBACK CHANGES

CMG is rolling out a new guideline addendum, escrow holdback agreements, and implementing new procedures for weather-related escrow holdbacks. Holdbacks will be permitted subject to CMG’s Weather Related Guideline Addendum.

Effective Date: Immediately

Summary of Changes:

• Weather-related and HUD REO as per guideline addendum
• CMG will retire the holdback-specific program codes
• Indicate “Escrow Holdback” using the check-box on CMG Correspondent’s Loan Submission form
• Required in the loan package, CMG Financial’s Holdback Agreement, or its equivalent
  ◦ Conventional Holdback Agreement
  ◦ FHA/USDA Holdback Agreement
  ◦ VA Form 26-1849 Postponed Exterior On-site Improvements
• Document the repair costs and, if applicable, the Borrower’s ability to pay them
• Title Company must agree in writing to hold the escrowed funds
• Only eligible for purchase transactions

Please refer to CMG’s Weather Related Guideline Addendum for complete details by loan program for ineligible repairs, escrow amounts and limitations on time to complete repairs.

REMINDER: FHA STREAMLINE SEASONING REQUIREMENTS

Effective Date: Immediately

The seasoning requirement for all FHA Streamlines, in order to be eligible for purchase, is a threefold test, and the loan must past ALL three thresholds in order to be eligible.

On the date of new FHA case number assignment, ALL of the following must apply:

• Number of payments – Borrower must have made 6 PAYMENTS on their current FHA-insured mortgage
• **First payment due date** – At least 6 FULL MONTHS must have passed since the first payment due date on the borrower's current FHA-insured mortgage

• **Closing date** – At least 210 DAYS must have passed from the closing date of the mortgage being refinanced

**REMINDER: VA FEES**

**Effective Date:** Immediately

CMG's VA Fees Policy covers allowable and unallowable fees for VA loans. As a reminder, admin fees are NOT VA allowable fees. For complete details, refer to CMG's [VA Fees Policy](#).

**REMINDER: FHA AND VA AGE OF DOCUMENTS**

Correspondent Sellers may follow FHA and VA standards for age of credit reports, asset, and income documentation.