

BULLETIN # 2019-07

TO: Distribution

DATE: February 27, 2019

RE: CMG Financial Correspondent Lending  
Updates

EFFECTIVE: As noted below

## CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- FHA Mortgagee Letter 19-01: Third Party Verification Services
- Reminder: Update The Final Uniform Residential Loan Application

### FHA MORTGAGEE LETTER 19-01: THIRD PARTY VERIFICATION SERVICES

**Summary:** FHA is revising its requirements for employment, income, and asset accounts to permit the use of TPV services. Third Party Verification refers to a process through which a Borrower's employment, income, and asset information is verified directly by the Mortgagee with a borrower's employer or financial institution, through the services of a third party vendor. Refer to the full Mortgage Letter and Handbook for complete guidance regarding the updates as they apply to current employment, past employment, and asset verification. CMG guidelines will be updated next week, as applicable.

**New current employment requirements:** The most recent pay stubs covering a minimum of 30 consecutive Days (if paid weekly or bi-weekly, pay stubs must cover a minimum of 28 consecutive Days) that show the Borrower's year-to-date earnings continue to be required. In addition, the lender must obtain one of the following to verify current employment:

- a written Verification of Employment (VOE) covering two years; or
- direct electronic verification of employment by a TPV vendor covering two years, subject to the following requirements:
  - the Borrower has authorized the Mortgagee to verify income and employment; and
  - the date of the data contained in the completed verification conforms with FHA requirements.

Verbal or electronic re-verification of employment is acceptable. Electronic re-verification employment data must be current within 30 days of the date of the verification.

**New – Assets, Checking and Savings:** In lieu of a VOD, direct verification by a TPV vendor of the Borrower's account covering activity for a minimum of the most recent available month a minimum of one month, subject to the following requirements is permitted subject to the following:

- the Borrower has authorized the Mortgagee to use a TPV vendor to verify assets; and
- the date of the data contained in the completed verification is current within 30 days of the date of the

verification.

The Correspondent lender is the Mortgagee and is responsible for making sure the vendor and documentation meet FHA requirements.

Link to ML 19-01: <https://www.hud.gov/sites/dfiles/OCHCO/documents/19-01hsgml.pdf>

### **REMINDER: UPDATE THE FINAL UNIFORM RESIDENTIAL LOAN APPLICATION (FORM 1003)**

**Summary:** As a reminder, on purchase owner occupied properties the lender is required to update the **final** Uniform Residential Loan Application (Form 1003) with the correct mailing address. A Mailing Address Certification may also be provided.

For loans submitted to CMG Financial Correspondent missing this information, or it is showing the borrower's previous address, the following purchase condition will apply:

**Owner Occupied property:** Mailing address on 1003 shows an address other than the subject property. Provide mailing address confirmation.

**Effective Date:** *This is a Reminder*

*Please contact your Correspondent National Sales Manager*

*or your Correspondent Liaison with any questions.*



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