TO: Distribution

DATE: June 17, 2020

RE: CMG Financial Correspondent Lending Updates 2020-37

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- New at CMG Correspondent Lending - E-Notes
- FAQ - Fannie / Freddie Asset Documentation
- Home Ready Income Limits Changing June 20th

New at CMG Correspondent Lending - E-Notes

Summary: CMG will purchase mortgage loans containing closing documents with borrower’s digital signature, except when prohibited by Agency requirements, or by State of Federal Law.

Action to take: If the correspondent lender is interested please contact your National Sales Manager for details on the approval process.

All documents may be electronically signed if allowed by the applicable Agency requirements and Applicable Laws, and all Electronic Signatures must comply with applicable federal and state law regarding enforceability. Seller is to deliver electronic consent documentation for each borrower along with the audit trail evidencing the delivery and signing of all electronically signed documents.

- FHA, VA, USDA, Texas (a)(6) transactions, Non-Agency, loans to Trusts and CMG All In One Loan products are not eligible for e-notes
- Remote Online Notarization (RON) is currently allowed in the following states:

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<tr>
<th>Alabama</th>
<th>Florida</th>
<th>Kentucky</th>
<th>Nebraska</th>
<th>Ohio</th>
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Effective Date: Immediately

Links:
- E-closing vendor list
- Fannie Mae Adopted Remote Online Notarization
FAQ - Fannie / Freddie Asset Documentation

Question: Income and asset documentation must be within 60 days of the note date. Does this mean that if DU or LPA is asking for the most recent two months, both months would have to fall into that 60 day window?

Answer: As previously conveyed, income and asset documentation must be dated no more than 60 days prior to the Note Date. For asset documentation that means the most recent of the consecutive statements must be dated no more than 60 days prior to the Note Date.

Question: What about the age of the bank statement to support and unaudited YTD P&L for a self-employed borrower?

Answer: At a minimum, the following additional documentation must be obtained when assessing income from self-employment:

- An unaudited year-to-date (YTD) profit and loss statement that is signed by the Borrower and reports business revenue (i.e., gross receipts or sales), expenses and net income. The information in the YTD profit and loss statement must cover the most recent month preceding the Application Received Date and be dated no more than 60 calendar days prior to the Note Date, and
- Two months business account statements no older than the latest two months represented on the YTD profit and loss statement
  - For example, if the YTD profit and loss statement is through May 31, 2020, the business account statements can be no older than for April and May

Question: For the bank statements required to support the P&L for a self-employed borrower, what is permitted if it is a small business and the borrower doesn’t have a separate business banking account?

Answer: Personal asset account statements evidencing business deposits and expenses may be used when the Borrower is an owner of a small business and does not have a separate business account.

HomeReady Income Limits Changing June 20th

Summary: Area Median Income estimates (AMIs) are provided to Fannie Mae by their regulator, the Federal Housing Finance Agency. These AMIs are used in determining borrower eligibility for HomeReady mortgage loans. On June 20, 2020, the 2020 HomeReady income limits will be implemented in Desktop Underwriter® (DU®).

- DU will apply the 2020 limits to new DU loan casefiles created on or after June 20, 2020.
- Loan casefiles created prior to June 20, 2020 will continue to use the 2019 limits.

Note that the AMI data in DU and on our website may differ from the median income estimates posted on the U.S. Department of Housing and Urban Development’s website.

Link: Fannie Mae Selling Notice: HomeReady

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