
TO: Distribution

DATE: July 7, 2020

**RE: CMG Financial Correspondent Lending
Updates Bulletin 2020-41**

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Update: FHA Transactions & Debt in Forbearance

UPDATE: FHA TRANSACTIONS & DEBT IN FORBEARANCE

Summary: Based on additional feedback from FHA, CMG guidance is revised as noted below and applies to borrowers looking to refinance or purchase a new home.

If a borrower entered into deferment or forbearance due to COVID-19, whether or not for an economic hardship, the borrower is not eligible until out of forbearance and program guidelines for re-established credit and payment history can be documented.

- For both mortgage & non-mortgage debt in forbearance and whether-or-not a borrower has made payments as scheduled, the borrower is considered delinquent and is not eligible. Most FHA transactions require the borrower to be current at time of application and have a post forbearance 12-month payment history requirement.

Borrowers in COVID-19 Forbearance: Mortgage & Non-Mortgage Debt
Payments made as scheduled = not eligible, borrower is considered delinquent
Payments not made as scheduled = not eligible, borrower is considered delinquent

Additional Notes:

- Borrowers that entered forbearance but bring their balance current prior to closing still have the delinquent payment history that must meet handbook requirements.
- Manual underwriting is required when the borrower miss payments as this information cannot be read in automated systems.

Effective date: *Immediately, applies to all loans in process and all new applications. Until additional clarification or guidance is released by FHA the above guidance applies.*

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

