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.