



BULLETIN # 2019-37

TO: Distribution

DATE: July 31, 2019

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- FREDDIE MAC HOME POSSIBLE UPDATES
- USDA INCOME LIMITS UPDATED
- REMINDER- GNMA SEASONING REQUIREMENTS & WORKSHEETS (Optional)

FREDDIE MAC HOME POSSIBLE UPDATES

Summary: Freddie Mac has announced the following updates to the selling guide. CMG effective dates are as noted below.

RENTAL INCOME FROM 1-UNIT PRIMARY RESIDENCE

Freddie Mac is specifying that for a Home Possible Mortgage, rental income from a 1-unit Primary Residence must be provided by a person who:

- Is not obligated on the Mortgage and does not have an ownership interest in the Mortgaged Premises
- Is not the Borrower's spouse or domestic partner

Freddie Mac Selling Guide Impact [Section 4501.9](#)

Effective Date: *This update is effective for all new applications. Any existing applications not meeting the requirement must be purchased no later than August 30, 2019*

LIMITATION ON THE NUMBER OF FINANCED RESIDENTIAL PROPERTIES OWNED

In Bulletin 2019-7, Freddie Mac revised the requirements for Home Possible Mortgages to state that the occupying Borrower(s) must not have an ownership interest in more than two financed residential properties, including the subject property, as of the Note Date.

Freddie Mac Selling Guide impact: [Section 4501.7](#)

Effective Date: *Existing applications not meeting this requirement must be purchased no later than*

August 16, 2019. Loan Product Advisor feedback messages will be updated by September 16, 2019 to reflect this change.

USDA INCOME LIMITS UPDATED

Summary: The 2019 Income Limits for the Single Family Housing Guaranteed Loan Program were published on July 22, 2019 through a special Procedure Notice (PN). The Guaranteed Underwriting System (GUS) and the Income Eligibility calculator on the [Eligibility website](#) have been updated to use the new income limits.

Effective Date: *Immediately.*

REMINDER- GINNIE MAE SEASONING REQUIREMENTS & WORKSHEET

Summary: As a reminder, the GNMA seasoning requirements must be met for all VA IRRRL & Regular Refinance transactions and all FHA cash out refinances; not just VA to VA refinances or FHA to FHA refinances. If the lien to be paid off is not guaranteed by the VA or insured by FHA the seasoning requirement still applies.

VA loans: The note date of the refinance loan must be on or after the later of:

- the date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced, and
- the date on which 6 full monthly payments have been made on the mortgage being refinanced.

FHA Loans: FHA cash out refinance loans are eligible if and only if:

- the borrower made at least six consecutive monthly payments on the loan being refinanced, referred to hereinafter as the Initial Loan, beginning with the payment made on the first payment due date; and
- the first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the Initial Loan.

Refer to the [FHA Streamline Worksheet \(Optional\)](#) for FHA Streamlines.

Refer to the [GNMA Seasoning Worksheet Refinance Transaction \(Optional\)](#). This worksheet is now updated to separate VA and FHA. There are now two tabs. Please use the correct tab for FHA and VA as the calculations differ.

IMPORTANT NOTE

For VA loans - In order to correctly calculate, documentation will need to be obtained that documents when the first payment was made on the lien being refinanced.

For any FHA Cash out refinance or any VA refinance (IRRRL or Regular/Cash-out Refinance) the worksheet must be completed and included in the loan file if the lien to be paid off is less than 12 months old.

Effective Date: *N/A, this is a reminder*

Links:

[VA Circular 26-18-13 \(IRRRL\)](#)

[VA Circular 26-19-05 \(VA Cashout\) & 26-19-05 Change 1](#)

[GNMA APM 18-04](#) & [GNMA APM 19-03](#)

*Please contact your Correspondent National Sales Manager
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