

**BULLETIN #2016-35**

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**TO: Distribution**

**DATE: August 15, 2016**

**RE: CMG FINANCIAL CORRESPONDENT  
LENDING UPDATES**

**EFFECTIVE: As noted below**

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**CMG FINANCIAL CORRESPONDENT LENDING UPDATES**

**Topics Covered in this Announcement:**

- [Conventional Conforming Gross Monthly Rent Reminder](#)
- [Freddie Mac LP Updates](#)
- [Updates: 6200 Series Jumbo](#)
- [Updates: 6600 Series Jumbo](#)

**CONVENTIONAL CONFORMING GROSS MONTHLY RENT REMINDER**

**Summary:** Eligible rents on the subject property (gross monthly rent) must be reported to Fannie Mae in the loan delivery data for all investment properties and two-to-four-unit principal residence properties, regardless of whether the borrower is using rental income to qualify for the mortgage loan.

- If the borrower is using rental income from the subject property to qualify for the mortgage loan, the *Selling Guide* provides a list of acceptable documentation and calculation methods for determining the rental income amounts for qualifying purposes. These sources may also be used to obtain the gross monthly rental amount for reporting purposes.
- If the borrower is not using any rental income from the subject property to qualify, gross monthly rent must be documented only for lender reporting purposes. The borrower can provide one of the sources listed in [B3-3.1-08, Rental Income](#), or may provide one of the following sources (listed in order of preference):
  - the appraisal report for a one-unit investment property or two- to four-unit property, or *Single-Family Comparable Rent Schedule (Form 1007)*, provided neither the applicable appraisal nor Form 1007 is dated 12 months or more prior to the date of the note;
  - if the property is not currently rented, the lender may use the opinion of market rents provided by the appraiser; or
  - if an appraisal or Form 1007 is not required for the transaction, the lender may rely upon either a signed lease from the borrower or may obtain a statement from the borrower of the gross monthly rent being charged (or to be charged) for the property. The monthly rental amounts must be stated separately for each unit in a two- to four-unit property. The disclosure from the borrower must be in the form of one of the following:
    - a written statement from the borrower, or
    - an addition to the *Uniform Residential Loan Application (Form 1003)*.

The lender must retain in the loan file the documentation that was relied upon to determine the amount of eligible rent reported.

**FREDDIE MAC LP UPDATES**

**Summary:** See below for details on the recent and upcoming updates to Freddie Mac Loan Product Advisors<sup>SM</sup>:

- Total Funds to be Verified purchase restriction

- Freddie Mac has temporarily suppressed the new Loan Product Advisor Total Funds to be Verified purchase restriction (Feedback Message Code – PUR-FQ) implemented on July 11, 2016.
- If you've submitted a loan to Loan Product Advisor on or after July 11, 2016, and before August 3, 2016, and believe you incorrectly received the purchase restriction PUR-FQ, please resubmit the loan to remove this purchase restriction message.
- **This change applies to any loans submitted to Loan Product Advisor through the Freddie Mac Loan Advisor SuiteSM portal and loans submitted using the 4.3.0 Loan Product Advisor specification.**
- Freddie Mac will provide notification when they plan to reactivate the Total Funds to be Verified purchase restriction.
- Alignment with the Federal Housing Administration (FHA) requirements in its Technology Open to Approved Lenders (TOTAL) Mortgage Scorecard.
  - Freddie Mac is updating Loan Product Advisor on **August 7** and **August 28, 2016**, to align with the FHA requirements in its TOTAL Mortgage Scorecard.

**Link:** Review the [Single-Family News Center article](#) for more details on these updates.

### UPDATES: 6200 SERIES JUMBO

**Summary:** Multiple clarifications and updates have been made to the 6200 Series Jumbo program.

- **Eligibility Matrix –Change:** Removed the guideline "No rental income for the subject property showing on Schedule E of the borrower's tax returns" on Second Home Cash-Out refinance Transactions.
- **Eligibility Matrix - Change:** Removed the guideline "Second Home Cash-Out Refinance transactions limit the number of financed properties to the subject property and a primary residence."
- **Adverse Credit –Change:** Added requirement that tax liens, judgments, charge-offs and past-due accounts must be satisfied or brought current prior to or at closing. Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts.
- **Adverse Credit –Change:** Medical collections are allowed to remain outstanding as long as the balance is less than \$10,000 in aggregate.
- **Assets - Change:** Added requirement to business funds with business bank statements reflecting overdrafts or NSF's are not eligible.
- **Multiple Financed Properties –Change:** Removed the guideline "Second Home Cash-Out Refinance transactions limit the number of financed properties to the subject property and a primary residence."
- **Property Eligibility –Clarification:** Added to ineligible properties "properties with a private transfer covenant unless the covenant is excluded under 12 CFR 1228 as an excepted transfer fee covenant."
- **Appraisals –Change:** Removed the guideline "CDA is required" when two appraisals are required. CMG will not require a CDA or Value Reconciliation from Clear Capital when two appraisals are provided. The lower of the two appraised values will be used to determine the LTV.

**Effective Date:** Changes effective with locks on and after 8/15/2016. Clarifications effective immediately.

**Guideline Link:** <http://docs.cmgfi.com/guidelines/CMG-6200-Series-Jumbo.pdf>

### UPDATES: 6600 SERIES JUMBO

**Summary:** Multiple updates have been added to the 6600 Series Jumbo guidelines:

- **Adverse Credit -** Added requirement that tax liens, judgments, charge-offs and past-due accounts must be satisfied or brought current prior to or at closing. Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts.
- **Adverse Credit –**Added Medical collections are allowed to remain outstanding as long as the balance is less than \$10,000 in aggregate.
- **Assets -** Added requirement to business funds with business bank statements reflecting overdrafts or NSF's are not eligible.
- **Appraisal Requirements -** Removed the guideline "CDA is required" when two appraisals are required. CMG will not require a CDA or Value Reconciliation from Clear Capital when two appraisals are provided. The lower of the two appraised values will be used to determine the LTV.

**Effective Date:** Effective with locks on and after 8/15/2016.

Guideline Link: <http://docs.cmgfi.com/guidelines/CMG-6600-Series-Jumbo.pdf>

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

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