BULLETIN #2015-28

TO: Distribution
RE: CMG Credit Policy Update
DATE: September 25, 2015
EFFECTIVE: As noted below

CMG CORRESPONDENT CREDIT POLICY AND GUIDELINE UPDATES

Topics Covered in this Announcement:

- Reminder: Enhancement for W2 Transcripts - DU Loans
- Reminder: VA Enhancements coming October 1, 2015

ENHANCEMENT FOR W2 TRANSCRIPTS - DU LOANS

Summary - CMG will allow W2 transcripts on conforming loans subject to the following:

- DU Loans ONLY
- W2 borrowers only
- W2 transcripts required on all applicable W2’s considered
- Any borrower with rental properties or commissioned income or self-employed income requires full tax returns and transcripts for the applicable years
- If DU requires tax returns for any reason, tax transcripts are required
- Must meet all other FNMA requirements
- Either tax return transcripts or W2 transcripts are required on ALL loans

Reminder: Full transcripts continue to be required for LP conventional conforming & Government loans.

Effective Date: Enhancement is effective immediately. CMG’s posted Income Validation/Tax Transcript Policy is scheduled to be updated and reposted no later than October 1, 2015.

VA ENHANCEMENTS COMING OCTOBER 1, 2015

Summary - Effective with loans purchased on and after October 1, 2015 the following enhancements apply subject to requirements noted below:

- Rebuttable Presumption loans on VA IRRRL’s allowed subject to the following:
  - 600 min fico
  - LGC must be provided prior to purchase
  - Recoupment must not exceed 60 months
  - No mortgage lates
  - No principal balance increase except for allowable points and fees
  - Allowable points and fees cannot exceed 3%
  - Rate must be reduced or convert ARM to fixed
  - Properties in New York are not eligible
  - All other VA IRRRL requirements must be met
Enhancing minimum fico to allow <640 on VA IRRRLs with loan amounts > $417,000 subject to the following:
- 600-639 now permitted up to 150% LTV/CLTV
- 600-619 Owner Occupied Only, regardless of loan amount
- LGC must be provided prior to purchase
- Properties in New York are not eligible
- All other VA IRRRL requirements must be met

- VA loans up to 58% DTI allowed subject to the following:
  - AUS approve/accept only, no manual underwrites allowed
  - LGC must be provided prior to purchase
  - Properties in New York are not eligible
  - All other VA loan level requirements must be met

Effective Date: Enhancements are effective for loans purchased on and after October 1, 2015.

Please contact your Correspondent Regional Manager or your Correspondent Liaison with any questions.