

BULLETIN # 2018-47

TO: Distribution

DATE: October 31, 2018

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Home Possible and Home Possible Advantage Changes
- Retiring HARP and Scheduled Release of New High LTV Refinance Option Products
- Clarification: FHA/VA Manufactured Homes
- Clarification: FHA Gift Funds

HOME POSSIBLE AND HOME POSSIBLE ADVANTAGE CHANGES

Summary: With Bulletin 2018-13 Freddie Mac released upcoming changes for the Home Possible and Home Possible Advantage programs. Effective October 29th, CMG will align with the following Freddie Mac updates:

- **Non-occupant Borrower(s):** Non occupant borrowers will be permitted on Mortgages secured by 1-unit properties when the LTV/TLTV/TLTV/HTLTV ratio is less than or equal to 95%. When income from a non-occupant borrower is being used to qualify for the loan, the total qualifying income (i.e., total income from all occupying and non-occupying borrowers) must not exceed the Home Possible income limits. Additionally, the liabilities for the non-occupant must be included in the debt-to-income (DTI) ratio. Funds used to qualify for the Mortgage may come from the occupying and/or the non-occupying Borrower.
- **Ownership of other property:** Permitting ownership of other property without any restrictions
- **Secondary financing:** Permitting standard secondary financing, including HELOCs, for a Mortgage with a TLTV/HTLTV ratio of less than or equal to 97% (when the TLTV ratio is greater than 97%, the secondary financing must be an Affordable Second)
- **5/1 ARMs for Mortgages secured by 3- to 4-unit properties.** Currently not permitted - Freddie will now permit this product for Home Possible Mortgages with LTV/TLTV/HTLTV ratios less than or equal to 75%.

At a future date, CMG does plan on releasing high balance Home Possible products. Once released, high balance loan amounts will be permitted with an LTV/TLTV/HTLTV ratio less than or equal to 95%. Please watch for future updates.

In addition, at a future date, CMG will retire the Home Possible Advantage product codes and align with

Freddie in merging the Home Possible and Home Possible Advantage into one product offering. At this time, LTVs exceeding 95% will continue to require the use of the Home Possible Advantage product codes.

Effective Date: *As noted above. For the 10/29 updates, the Home Possible matrices will be updated and reposted on October 29th.*

Link: [Freddie Mac Bulletin 2018-13](#)

RETIRING HARP AND SCHEDULED RELEASE OF NEW HIGH LTV REFINANCE PRODUCT

Summary: The HARP products (DU Refi Plus & LP Open Access) are scheduled to be retired at the end of 2018. Both Fannie and Freddie have High LTV products that will provide refinance opportunities to borrowers with existing Fannie Mae/Freddie Mac mortgages who are making their mortgage payments on time but whose LTV ratio for a new mortgage exceeds the maximum allowed for standard limited cash-out refinance options.

CMG is scheduled to release these products before the end of the year so please watch for future updates. Loans under the new product options will need to meet several eligibility criteria and are not eligible to be closed until January 2019 at the earliest. Once released, the new products will be limited in scope in terms of eligibility with highlights as noted below:

- The loan being refinanced must be a first-lien, conventional mortgage loan, owned or securitized by Fannie Mae or Freddie Mac.
- The loan being refinanced must have a note date on or after October 1, 2017.
- At least 15 months have passed between the Note Date of the mortgage being refinanced and the Note Date of the high LTV refi mortgage.
- Borrower Benefit Borrowers must benefit from the refinance in at least one of the following ways:
 - Reduced monthly principal and interest payment
 - Lower interest rate
 - Shorter amortization term
 - More stable mortgage product, such as moving from an adjustable-rate mortgage to a fixed-rate mortgage
- Borrowers must be current with their payments and have:
 - No 30-day delinquencies in the most recent six months, and
 - No more than one 30-day delinquency in the past 12 months and no delinquency greater than 30 days.
- The mortgage being refinanced must not have been previously delivered to the agency as a HARP Product.

Effective Date: *Watch for CMG to release the new High LTV Refinance product options prior to the end of 2018. HARP products will also be retired at the end of 2018. This announcement is to provide clarity regarding CMG's plans to release this new product option and guidelines.*

CLARIFICATION: FHA/VA MANUFACTURED HOMES

Summary: The FHA/VA Manufactured Home addendum is updated to clarify that attached decks, patios, and porches are eligible with copy of building permit/engineer's cert.

Effective Date: *Immediately*

CLARIFICATION: FHA GIFT FUNDS

Summary: In lieu of providing a Donor's Bank Statement for an FHA Transaction that requires a full 30 day statement, a Donor's 1 day transaction history/online printout if the funds are wired from the Donor's account to the Title/Escrow agent/Attorney directly is acceptable.

The 1 Day Transaction history/online printout will need to show the following:

- Donor's name
- Account number
- Transaction history showing 1 day history with NO large deposits and the money being wired to Title
- Available balance
- The transaction history typically shows the day before the gift was wired from donor's account to title/escrow/attorney.

In addition, there is no change to the following that are also required:

- Fully executed Gift Letter (from FHA eligible gift donor)
- Title receipt showing Donor's funds - escrow receipt
- Proof of the wire transfer

Note: The alternative donor bank statement documentation is only for funds wired for closing.

Effective Date: *Immediately*

Please contact your Correspondent National Sales Manager

or your Correspondent Liaison with any questions.



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