

BULLETIN #2017-57

TO: Distribution

DATE: November 1, 2017

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG CORRESPONDENT POLICY AND GUIDELINE UPDATES

Topics Covered in this Announcement:

- Freddie Mac Updates- Student Loan Debts and Contingent Liabilities
- Conventional Conforming Loans- W2 Income from Marijuana Dispensary
- LPA Loans Requiring Attention

FREDDIE MAC UPDATES- STUDENT LOAN DEBTS AND CONTINGENT LIABILITIES

Summary: See below for upcoming Freddie Mac changes for student loan debts and contingent liabilities. Below are summaries of the new requirements. Refer to Freddie Mac Bulletin 17-23 for a comparison of current to revised requirements.

Student Loans

STUDENT LOANS IN REPAYMENTS:

For calculating the monthly DTI ratio, use the greater of:

- The monthly payment amount reported on the credit report, or
- 0.5% of the original loan balance or outstanding balance as reported on the credit report, whichever is greater

STUDENT LOANS IN DEFERMENT OR FORBEARANCE

Use the greater of:

- The monthly payment amount reported on the credit report, or
- 1% of the original loan balance or outstanding balance as reported on the credit report, whichever is greater

STUDENT LOAN FORGIVENESS, CANCELLATION, DISCHARGE AND EMPLOYMENT CONTINGENT REPAYMENT PROGRAMS

The student loan payment may be excluded from the monthly DTI ratio provided the Mortgage file contains documentation that indicates the following:

- The student loan has ten or less monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or in the case of an employment contingent repayment program, paid, or
- The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid at the end of the deferment or forbearance period
- And the Borrower currently meets the requirements for the student loan forgiveness, cancellation, discharge or employment contingent repayment program, as applicable, and the Seller is not aware of any circumstances that will make the Borrower ineligible in the future

Contingent Liabilities

Freddie Mac will permit installment, revolving and lease payments to be excluded from the monthly DTI ratio when a party other than the Borrower has been making timely payments on the debt for the most recent 12 months and certain other requirements are met.

In addition, they are updating the requirements for excluding Mortgage debt from the monthly DTI ratio when a party other than the Borrower has been making timely payments for the most recent 12 months.

In all cases, they are no longer requiring that the Borrower be a cosigner or guarantor on the excluded debt.

Effective Date: All loans funded/purchased after December 15th must meet revised requirements but may be applied immediately.

Link: <http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bl1723.pdf>

CONVENTIONAL CONFORMING LOANS & W2 INCOME FROM MARIJUANA DISPENSARY

Summary: For conventional conforming transactions CMG will allow a borrower to qualify with income earned as a salaried/W-2 worker at a marijuana dispensary. CMG does not allow self-employed income to qualify for the borrower if they own a marijuana dispensary.

This does NOT apply to government financing types.

Effective Date: *Immediately*
CMG Guidelines will be updated the week of October 30th.

LPA LOANS REQUIRING ATTENTION

Summary: On October 17, 2017, between the hours of 5:30 a.m. and 8 p.m. EST, customers using Loan Product Advisor® version 4.3 or greater received Loan Product Advisor Full Feedback Certificates that returned blank or incomplete income and asset feedback messages.

Feedback Certificates received for loans during this time period are valid, but the Correspondent lender is responsible for documenting loans according to Freddie Mac Single-Family Seller/Service Guide requirements, regardless of the information provided on the Feedback Certificate.

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

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