

**BULLETIN #2017-61**

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**TO: Distribution**

**DATE: November 22, 2017**

**RE: CMG Financial Correspondent Lending Updates**

**EFFECTIVE: As noted below**

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**CMG FINANCIAL CORRESPONDENT LENDING UPDATES**

**Topics Covered in this Announcement:**

- Freddie Mac Updates
- FHA-TOTAL Scorecard Updates Begin November 22, 2017
- MCC & Tax Reform- Using MCC to Credit Qualify Suspension

**FREDDIE MAC UPDATES**

**Summary:** With [Freddie Mac Bulletin 2017-26](#) Freddie is providing updates to borrower income and eligibility requirements for Home Possible Mortgages as well as providing notification that LPA is enhanced in regards to reserve calculations. Please see below for details.

**HOME POSSIBLE MORTGAGES:**

Borrower income and eligibility for Home Possible Mortgages, the requirement that all income reported on the application must be verified is being removed. The lender must use income used to qualify the Borrower to establish that the income limits are not exceeded. This change simplifies the requirements by aligning the treatment of Home Possible Mortgages, as it relates to verification of income, with Freddie Mac requirements for other types of Mortgages.

Guide impacts: Sections 4501.7, 4501.9 and 5101.6

**LPA – RESERVES**

Effective for all Mortgages submitted or resubmitted to Loan Product Advisor on and after November 12, 2017 Loan Product Advisor has been enhanced to calculate the additional required reserves when the subject property is a second home or Investment Property. The lender is no longer required to manually calculate the additional required reserves as they will be included in the amount of reserves required to be verified on the Feedback Certificate.

Guide impact: Section 5501.2

**Effective Date:** *These enhancements are effective immediately.*

**TOTAL SCORECARD DATABASE UPGRADE BEGINS TODAY, NOVEMBER 22, 2017**

**Summary:** The Federal Housing Administration (FHA) announced a planned upgrade to its TOTAL Scorecard database beginning at 10:00 pm on Wednesday, November 22, through Saturday, November 25, 2017.

During the upgrade, [TOTAL Scorecard](#) and [FHA Connection](#) (FHAC) will remain accessible during standard operating hours; however, data from transactions routed through the TOTAL Scorecard will not be transferred to FHAC until the upgrade is complete.

It is important to note that the AUS national database upgrade does not impact the completion of the

endorsement process for those transactions where TOTAL scoring is complete prior to the start of the upgrade.

**Effective Date:** *November 22, 2017*

### **MCCs AND TAX REFORM- USING MCC TO CREDIT QUALIFY SUSPENSION**

**Summary:** Due to the ongoing tax reform legislation in the U.S. Congress there is uncertainty in regards to the future of MCC programs. At this time, based on feedback from HFA program administrators, CMG is taking the following precautions to help make sure we protect our borrower and our loan eligibility for the proposed 2018 changes. CMG is temporarily suspending using an MCC to credit qualify and setting date restrictions as noted below.

- Effective with all loans purchased after November 30, 2017, all loans using an MCC to qualify are only eligible for purchase if documentation is provided that the MCC has been issued to the borrower.

**Effective Date:** *As note above. The current House version of the Tax Reform proposal referenced will eliminate the MCC Programs, effective December 31, 2017. It is unclear at this time what the final tax reform will be. We will continue to monitor the progress of this proposed legislation and provide updates.*

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

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