

**BULLETIN #2015-39**

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**TO: Distribution**

**DATE: December 16, 2015**

**RE: CMG Financial Correspondent Lending  
Updates and Enhancements**

**EFFECTIVE: As noted below**

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**CMG CORRESPONDENT LENDING UPDATES AND ENHANCEMENTS**

**Topics Covered in this Announcement:**

- Freddie Mac -Updates
- DU Version 9.3 -Updates
- FHA 2016 Loan Limits -Updates
- Lock Policy- Enhancements and Updates
- Aged Note Schedule -Enhancement

**FREDDIE MAC UPDATES**

**Summary:** Freddie Mac is making the following updates:

**Borrower Funds and Reserves:**

- o No longer requiring evidence of liquidation of stocks, bonds, mutual funds, United States government securities and other securities when the combined value of the assets is at least 20% greater than the amount from these assets needed for closing.
- o Removing the limitation that no more than 70% of the value of a retirement account can be used for reserves.
- o Adding vested stock options, subject to minimum documentation requirements, as an eligible source of Borrower Funds and reserves.

**Effective Date/Action to Take:** Loan Prospector feedback messages has been updated as of December 14, 2015 to reflect these changes. For any loan purchased on or after December 14, 2015, the loan must be rerun through LP and receive appropriate messaging and LP Accept to be eligible for these changes.

**Reference/Link:** <http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1520.pdf>

**DU VERSION 9.3 UPDATES**

In addition to the release of HomeReady and retirement of MCM, the following Fannie Mae Updates were effective with DU Version 9.3 released on December 12, 2015.

**Non-occupant Borrower & Ratios in DU:**

- o DU will consider a non-occupant borrower's income as qualifying income for a principal residence with certain LTV ratio limitations. (LTV not to exceed 95%, CLTV ratio may exceed 95% on fixed-rate mortgages that are not secured by a manufactured home when subject to a Community Seconds loan).
- o No separate calculation of the DTI ratio for the occupying borrower will be required, as the DTI

ratio calculation will be based on the income and liabilities of all borrowers on the loan.

**High Balance Updates:** Fannie Mae has aligned the eligibility of high-balance mortgage loans with Fannie Mae's standard eligibility requirements with LTV, CLTV and HCLTV ratios up to a maximum of 95%. Many of the policy overlays that previously applied only to high-balance loans have been removed and a new policy has been implemented requiring all high-balance loans to be underwritten through DU.

[https://www.fanniemae.com/content/fact\\_sheet/high-balance-update-comparison.pdf](https://www.fanniemae.com/content/fact_sheet/high-balance-update-comparison.pdf)

- **Updated:** Eligibility ratios for DU version 9.3 scheduled changes. Fannie Mae has aligned the eligibility of high-balance mortgage loans with Fannie Mae's standard eligibility requirements with LTV, CLTV, and HCLTV ratios up to a maximum of 95%.
- **Removed:** Overlays requiring a 5% minimum borrower contribution from borrower's own funds ; an appraisal field review for loans of more than \$625,000 and an LTV/CLTV/HCLTV above 80%; and the appraisal to have two comparable sales from outside the subject project when loan is secured by a condominium unit.
- **Aligned:** Maximum LTV/CLTV/HCLTV ratios for borrowers with 5–10 financed properties aligned with the requirements for loans subject to the general loan limits.
- **Retained:** An appraisal field review is required for properties valued at \$1 million or more with an LTV/CLTV/HCLTV above 75%; and all borrowers must have traditional credit to qualify.

**HomeReady™ Reminder-** HomeReady was available as of December 14, 2015 with DU Version 9.3 and it is replacing the MCM. Refer to previous announcements for additional details.

**Effective Date:** Immediately

**References:**

[https://www.fanniemae.com/content/release\\_notes/du-do-release-notes-12122015.pdf](https://www.fanniemae.com/content/release_notes/du-do-release-notes-12122015.pdf)

<https://www.fanniemae.com/content/announcement/sel1510.pdf>

[https://www.fanniemae.com/content/fact\\_sheet/high-balance-update-comparison.pdf](https://www.fanniemae.com/content/fact_sheet/high-balance-update-comparison.pdf)

## FHA 2016 LOAN LIMITS UPDATES

**Summary:** Federal Housing Administration (FHA) published [Mortgagee Letter 2015-30: 2016 Nationwide Forward Mortgage Limits](#), which provides the maximum mortgage limits for FHA-insured mortgages.

There are **no changes** to the low cost area and high cost area limits for calendar year 2016.

- Loan limits increased in 188 counties.
- The loan limit increases in these areas range from \$350 to \$115,350.
- To enable lenders to easily identify areas with loan limit increases, FHA has published a separate list of counties with loan limit increases. This list along with a list of areas at the ceiling and a list of areas between the floor and ceiling on the [Maximum Mortgage Limits](#) web page. FHA forward mortgage limits are also available by [MSA and county](#), or by [downloading a complete listing](#) from HUD.gov.
- There are no jurisdictions with a decrease in loan limits from the 2015 levels.

**Effective Date:** The loan limits are effective for case numbers assigned on or after January 1, 2016, and remain effective through December 31, 2016.

**References / Links:**

• [Mortgagee Letter 2015-30](#)

• View 2016 forward mortgage limit attachments:

– FHA mortgage limits by MSA and County at: <https://entp.hud.gov/idapp/html/hicostlook.cfm>

– Complete listing of FHA loan limits at: [http://www.hud.gov/pub/chums/file\\_layouts.html](http://www.hud.gov/pub/chums/file_layouts.html)

– Maximum Mortgage Limits web page at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/lender/origination/mortgage\\_lim](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/origination/mortgage_lim)

## LOCK POLICY ENHANCEMENTS AND UPDATES

**Summary:** CMG Financial Correspondent Lending Lock Policy enhancement and updates as follows:

**Enhancement:** Extensions on Undelivered Loans- If the current market is worse, the following extension options are available:

Term	Adjustment
3 day	-0.100
7 day	-0.150
15 day	-0.250
30 day	-0.500

**Maximum aggregated days to extend is 30 days.**

- **Update:** Extensions on Delivered Loans- Upon receipt of a delivered loan prior to the lock expiration date, CMG will automatically add an initial extension at no cost for a period that will include our internal auditing turn time based on date of receipt plus 8 calendar days.

**Effective Date:** Immediately

**Lock Policy Link:** [Lock Policy](#)

## AGED NOTE SCHEDULE ENHANCEMENT

**Summary:** CMG Financial Correspondent Lending aged note schedule enhancements as follows:

- **Enhancement:** Note date must be equal to or less than 45 days at time of submission. Note dates older will be considered aged notes and are subject to the following adjustments:

Days	Adjustment
>45-60 days	-0.750
61-75 days	-0.875
76-90 days	-1.000
>90 <151 days	-1.250

**Aged note capped at 150 days.**

**Effective Date:** Immediately

**Seller Guide Link:** [Seller's Guide](#)

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

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