



Correspondent Lending

FCM Delegated Correspondent Lending have published the following updates to the Product Guides and the FCM Knowledge Center as of May 12, 2017

**2016 Tax Transcript Reminder**

When transcripts are required for Borrowers that have recently filed their 2016 taxes the following documentation is required:

- 2016 Proof Taxes were filed; IRS Stamped Returns or E-File Acknowledgement. If a tax liability was due, proof of payment is required.
- 2016 Tax Transcript OR No Record Found/No Record of Return Filed
- 2015 Tax Transcripts

**Tax Transcripts – Conventional, FHA and VA**

Tax Transcripts (Full or W-2) will not be required when a Full Verification of Employment is obtained through an automated eligible third party verifier. Third Party verifiers must be an approved DU Validation Service Verification Report Vendor to be eligible for transcript waiver. A signed 4506-T is required at application and closing.

**Conventional Program Updates**

Freddie Mac

FCM will be aligning with Freddie Mac Bulletin 2016-19 and Bulletin 2016-23. FCM will allow files purchased prior to June 1<sup>st</sup> to be closed under the existing guidelines. Files purchased after June 1<sup>st</sup> will be required to adhere to the new Streamline/Standard documentation standards:

Business Structure	Documentation Levels	
	Streamlined Accept	Standard
	<b>Business in existence &gt;5 years</b>	<b>Business in existence &lt;5 years</b>
Sole Proprietor	Complete signed federal individual income tax return for the most recent year.	Complete signed federal individual income tax returns for the two most recent years.
Partnership	Complete signed federal individual and Partnership (Form 1065) income tax returns, including K-1(s) for the most recent year.	Complete signed federal individual and Partnership (Form 1065) income tax returns, including K-1(s) for the two most recent years.
S Corp	Complete signed federal individual and S Corporation (Form 1120S) income tax returns, including K-1(s) for the most recent year.	Complete signed federal individual and S Corporation (Form 1120S) income tax returns, including K-1(s) for the two most recent years.
Corporation	Complete signed federal individual and Corporation (Form 1120) income tax returns, including W-2(s) for the most recent year.	Complete signed federal individual and Corporation (Form 1120) income tax returns, including



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CPPB2017-03  
GUIDELINE UPDATES

Fannie Mae

FCM will align with Fannie Mae bulletin SEL-2017-04 for the following underwriting policies:

- Student loan payment calculations
- Debts paid by others
- Removing restrictions on properties listed for sale in the previous within previous six months
- Project Eligibility Review Waiver for Fannie Mae Owned LCOR transactions
- Student Loan Cash-Out Refinance, please note, these transactions require a manual lock request with the FCM lock desk.

**FHA Program Updates**

FCM's credit overlays for non-delegated underwriting transactions with credit scores between 600-639 have been updated to the following:

- (1) AUS Approval – no manual underwrites
- (2) DTI cannot exceed 50%
- (3) No private/family/employer gifts
- (4) No DPA gifts between 600-619
- (5) Primary wage earner must demonstrate continuous employment with the same employer for 12+ months. Written VOEs will be required.
- (6) Applicants must have demonstrated a successful two year employment history with no unexplained gaps exceeding 30 days. Written VOEs will be required.

**RD Program Updates**

- Powers of Attorney may only be used for non-military borrowers who are incapacitated.

As with any update, recent changes to the underlying program and seller guides are highlighted in yellow. Please contact your Account Executive or Client Manager with any questions.