



NEWS

A bi-monthly publication

For the months, August & September 2013

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Holiday Notice

In response to the Securities Industry and Financial Markets Association's (SIFMA's) recommended holiday closings, Fannie Mae's Capital Markets Sales Desk will be closed on Monday, October 14, 2013. No locks will be accepted that day.



Encompass360 Update

We continue to tweak Encompass360 (and incorporate the new regulatory changes).

We appreciate your patience as we develop this platform to be as efficient for you as possible.



Rate Sheets

Rate sheets are now available on the Correspondent Lending website. You may find these by clicking on the link "Today's Pricing" on the homepage, and also under the "Resources and Tools" drop down.

An archive of the rate sheets may also be found under the "LO Toolbox" drop down. It will include 30-60 days of archived



Government Shutdown Update

Follow up to 10-4-13 Bulletin

While we continue to operate during the federal government shutdown, CU Mortgage is adjusting how loans requiring tax transcripts (Form 4506) are handled. Please note the following:

- Any files that are impacted by the return of the 4506 request and labeled Clear to Close from today, October 8, 2013, and prior, will be allowed a one-time rate extension at no cost.
- To extend the rate on these files, Correspondent Lending channel users may do so by using the Correspondent Lending website, <http://cucl.secure-onlineorigination.com/>.
- It is suggested to lock loans no shorter than 45 days for files needing a 4506 due to the uncertainty of the shutdown time frame.

FNMA updates

Coming soon

FNMA updates will be coming out on November 16, 2013. We are monitoring the changes and will keep you updated as to how they might impact you. The updates will include changes made to:

- Allowable Age of Federal Income Tax Returns
- Loan to Value Ratios
- Temporary Leave - Employment Requirements
- Depository Accounts
- Foreclosure, Deed-In-Lieu of Foreclosure, Pre-Foreclosures, or Short Sales
- DU Refi Plus and DU Refi Plus Loans
- Flood Insurance



rate sheets.

**Please note that an email including the rate sheets will continue to be sent out each morning.*



With any questions, contact your Correspondent Team:

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Ask the Underwriter

The Underwriting Team at CU Companies is here to help you. This section reviews frequently asked questions. With your own questions, please use the Ask the Underwriter box located on the Correspondent Lending website.

Question

I have a borrower who wants to buy a new primary residence. He will be moving his current house to a rental. In order to count the rental income on current place, what needs to happen?

Answer

If the borrower's current principal residence is pending sale or converting to a second home or investment property, the following additional reserves (PITIA) must be calculated and documented:

If the percentage of equity in the current principal residence is **30% or more**, then additional reserves are **two months on subject property and two months on current principal residence**.

If the percentage of equity in the current principal residence is **less than 30%**, then the additional reserves are **six months on property and six months on current principal residence**.

Conversion of Current Principal Residence to Investment

Property: If the borrower is converting a current principal residence to an investment property, the lender must ensure the borrower has sufficient equity to support both the current PITIA and the new mortgage being originated. The percent of equity in the current principal residence must be documented in accordance with the Equity in the Current Principal Residence requirements. To confirm leasing of the newly converted property or unit, the lender must obtain a copy of the:

- Fully executed lease agreement,
- Security deposit from the tenant, and
- Bank statement showing the deposited security funds.

The lender must calculate net rental income and qualify the borrower according to the following requirements:

For a one-unit property, if documented equity in the current principal residence is **greater than or equal to 30%**, then **75% of gross rental income may be used as income**. If documented equity in the current principal residence is **less than 30%**, then **no rental income will be allowed**.

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