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CREDIT POLICY UPDATES

IRS 4506-C (REPLACING 4506-T)

Effective Date: See below.

Correspondent Manual references to the 4506-T have been updated to 4506-C. Citi encourages use of the new form (4506-C) now if you have not already begun utilizing it. However, **the 4506-C will be required with loans closed on/after March 1, 2021.**

Manual Section(s) Impacted: 201, 204, 270, 271, 275, 276, 401, 406, 407, 408, 410, 411, 413, 414, 804, 805, 805.1, 805.3, 805.4, 807, 902.1, Exhibit 16

HOME POSSIBLE: CHANGE TO MAXIMUM LTV ON 2-4 UNIT PROPERTIES

Effective Date: January 17, 2021; New Registrations

The maximum LTV for Home Possible 2-4 unit properties has been reduced to 85% from 95%.

Manual Section(s) Impacted: 235

TEXAS 50(A)(6) UPDATES

Effective Date: November 26, 2020; New Registrations and Existing Pipeline

Effective 11/26/20, the state of Texas has made updates to their rules on Home Equity Lending. As a result, updates have been made to the Loan Purpose/Transaction Type, Borrower Eligibility and Special Features and State Specific Requirements topics. Please see the updated manual section for complete details.

Manual Section(s) Impacted: 410

FHA & VA 2021 LOAN LIMIT CHANGES

Effective Date: See below.

FHA has increased their maximum loan amount limits for case number assigned on or after January 1, 2021. The Correspondent Manual has been updated to reflect these changes as shown below.

Units	All States Except AK & HI and High Cost Areas	High Cost Areas	Alaska and Hawaii
1-Unit	\$356,362	\$822,375	\$1,233,550
2-Unit	\$456,275	\$1,053,000	\$1,579,500
3-Unit	\$551,500	\$1,272,750	\$1,909,125
4-Unit	\$685,400	\$1,581,750	\$2,372,625

For FHA streamlines or full refinances, the mortgage amount may exceed the current geographic limit provided the new loan amount (without MIP) does not exceed the prior case loan amount; and the maximum mortgage may not exceed the amounts defined on HUD's web site.

(Topic continues on following page)

VA has also increased their maximum loan amount limits for loan closed on or after January 1, 2021. This update is now reflected in the Correspondent Manual. FHA and VA loans that have base loan amounts, prior to the inclusion of the UFMIP/Funding Fee, which exceed the loan amounts below must be registered with subprogram code “428 – FHA/VA Jumbo”.

Units	Contiguous States and District of Columbia	Alaska and Hawaii
1-Unit	\$548,250	\$822,375
2-Unit	\$702,000	\$1,053,000
3-Unit	\$848,500	\$1,272,750
4-Unit	\$1,054,500	\$1,581,750

System updates supporting these changes are scheduled to be completed on January 17, 2021. Similar to the interim workaround for Agency loan limit updates prior to the system update going in, register loans exceeding the former maximum loan limit at the 2020 amount. Upon receipt and review of your loan file, Citi will update the loan amount according to documents received. Loans registered prior to the system update will not be purchased before Citi system updates are complete.

Manual Section(s) Impacted: 270, 271, 275, 276

NOTICE(S)

ABILITY TO REPAY/QUALIFIED MORTGAGE RULE – CRITICAL CHANGES

In accordance with recent changes the CFPB has made to the ATR/QM Rule, **loans that close on/after January 10th, 2021 that exceed the Qualified Mortgage Points and Fees threshold will not be eligible for purchase and can no longer be cured.**

2021 CORRESPONDENT LENDING HOLIDAY SCHEDULE

Our 2021 holiday schedule is shown below and has been added to the manual. Generally, all support areas will be closed on these holidays. Individual reminders will continue to be sent prior to the holiday and include details regarding any business closure and/or resource availability adjustments.

HOLIDAY	DAY OBSERVED IN 2020
New Year’s Day	Friday, January 1
Martin Luther King, Jr. Day	Monday, January 18
Presidents’ Day	Monday, February 15
Memorial Day	Monday, May 31
Independence Day	Monday, July 5 (observed)
Labor Day	Monday, September 6
Columbus Day	Monday, October 11
Veterans’ Day	Thursday, November 11
Thanksgiving Day	Thursday, November 25
Christmas Day	Friday, December 24 (observed)

As a reminder, the Correspondent website is available 24/7 for loan registration, pipeline management and credit policy guidance/reference material needs.

Manual Section(s) Impacted: 103

CLARIFICATION(S)

SOLAR PANELS

The following clarification has been added to policy addressing UCC filings:

If the UCC filing is in the land records as a priority senior lien to the mortgage loan, it must be *paid off* or subordinated. *A release of the lien without debt payoff is not allowed.*

Manual Section(s) Impacted: 808

AGENCY LPA TRANSACTIONS: HOA FEES ON APPRAISAL WAIVERS

The following has been added to the Appraisal topic within LPA fact sheets to address HOA fees when there is an appraisal waiver:

For refinance transactions, it is acceptable to use the HOA fee as stated by the borrower on the loan application as long as the amount appears to be reasonable, as determined by the underwriter. However, if an appraisal is obtained, for any reason, the HOA fee should be obtained from the appraisal.

Manual Section(s) Impacted: 235, 407, 414

FHA UPDATES TO 4000.1

HUD has issued a new version of the 4000.1 and multiple Mortgagee Letters that were issued over the past year have been incorporated. As a result, various references to mortgagee letters have been changed to the 4000.1. The changes can be implemented immediately but must be applied by the effective date of the FHA Handbook.

Manual Section(s) Impacted: 270, 275

MANUAL SECTIONS UPDATED

103	Holiday Schedule
201	Agency Fixed Rate
204	Agency Libor ARM
235	Home Possible
270	FHA Fixed and ARM
271	VA Fixed and ARM
275	FHA Streamline Refi
276	VA IRRRL
401	Citi Standard

406	Desktop Underwriter
407	Loan Prospector
408	CRA Full Doc
410	Texas 50A6
411	Texas50F2
413	DU for Agency Jumbo
414	LP for Agency Jumbo
804	Liabilities/Ratios
805	Income-General

805.1	Income-Wage Earner
805.3	Income-Rental
805.4	Income-Non Employment
807	Credit
808	Property
902.1	General Documentation
Ex 16	File Stacking Order

For more information, contact your assigned [Client Services Consultant \(CSC\)](#) or [Account Executive \(AE\)](#).

The Citi Correspondent website is also available for all of your pipeline management needs at correspondent.citimortgage.com

This communication is to keep you informed of ongoing Citibank Correspondent program changes and is not an indication of your present or future approval status for selling loans to Citibank.

ENCRYPT CUSTOMER DATA: Lenders have a responsibility to protect consumer information. Maintaining confidentiality of such information is a top priority at Citibank. This responsibility includes improving controls around the storage and transmission of such information. Citibank requests that all loan data be encrypted whenever you send it to us via email. While Citibank cannot endorse a particular encryption tool please begin utilizing an appropriate encryption method with all future transmissions. Encryption should help minimize the risk of potential unauthorized viewing or use of such information.

The information contained in this Bulletin immediately (or as of any effective date indicated in the Bulletin) supplements and supersedes (to the extent there may be a conflict) the provisions of the Citibank Correspondent Loan Purchase Agreement and Citibank Correspondent Manual that govern each Loan submitted by Correspondent for Citibank's purchase after the date of the Bulletin. There may be a delay in the publication of any change to the Correspondent Manual required as a result of the information contained in the Bulletin. During the period of any such publication delay, the provisions of the Bulletin control over any conflicting provision of the Correspondent Manual.

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