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COVID-19 TEMPORARY CREDIT POLICY UPDATE(S)***AGENCY TRANSACTIONS: INCOME DOCUMENTATION REQUIREMENTS***

Effective: Borrower Application Dates on/after May 1, 2021.

Standard Verbal VOE policy will be required effective with Borrower Application dates of 5/1/2021. The temporary policy guidelines outlined in the Income & VOE Requirements for Agency Transactions topic will no longer be allowed and are being retired.

Manual Section(s) Impacted: Agency COVID Policy Actions

EXTENSION OF FILING DATE FOR 2020 FEDERAL TAX RETURNS

A new topic has been added to agency and non-agency COVID-19 sections addressing IRS Publication IR-221-59 which states:

- the federal income tax filing due date is automatically extended from April 15, 2021, to May 17, 2021**;
- and
- Taxpayers can also defer federal income tax payments due on April 15, 2021, to May 17, 2021, without penalties and interest, regardless of the amount owed.

The following documentation requirements are being eliminated when the mortgage has an application date between April 15th and May 17th**. These normally apply for income types that require copies of federal income tax returns:

- Copy of the IRS Form 4868 (*Application for Automatic Extension of Time to File U.S. Individual Tax Return*), and
- IRS Form 4506-C (*Request for Transcript of Tax Return*) transcript confirming “No Transcript Available” for the 2020 tax year.

The changes announced by the Treasury Department and the Internal Revenue Service will modify the following topics in the Correspondent Manual for the 2020 tax year:

- Age of Federal Tax Returns
- Extensions

NOTE: For applications dated 5/18/2021 and after, current Correspondent Manual policy will apply. Refer to Income & Employment/Tax Returns/Age of Federal Returns for guidelines.

**For Borrowers who live in Louisiana, Texas, and Oklahoma, the IRS has extended the tax filing date to June 15, 2021. Standard policy will be applicable to these transactions effective with applications dated 6/16/2021 and after.

Manual Section(s) Impacted: Agency COVID Policy Actions, 1501

CREDIT POLICY UPDATE(S)***SOFR ARM PRODUCT***

Effective Date: April 19, 2021; New Registrations

Correspondent Lending will be offering an Agency and Non-Agency SOFR ARM product as of April 19, 2021. **Because this product is supported only via the new Correspondent Lending Portal, it will be available only to Correspondents who have migrated to the new system.**

Note: Approval is required for the Citi Non-Agency Program.

Manual Section(s) Impacted: 204

CONDO PROJECTS: LIMITED REVIEW

Effective Date: April 11, 2021; New Registrations

Additional guidelines have been added to the Project Review Waiver Requirements for Fannie-to-Fannie and Freddie-to-Freddie rate/term refinance transaction topics.

- **Fannie Mae transactions:** The loan must be run through DU and receive the following message: "Based on the data provided to DU, the borrower's existing loan has been identified by DU as a Fannie Mae loan". The loan **cannot** be run through LPA.
- **Freddie Mac transactions:** The loan must be run through LPA and receive the following message: "xxxxxxxxxx is the Freddie Mac loan number of the loan to be refinanced". The loan **cannot** be run through DU.

Manual Section(s) Impacted: 602

VERIFYING PART-TIME, SEASONAL & SECONDARY EMPLOYMENT & INCOME

Effective Date: April 11, 2021; New Registrations

In accordance with Fannie Mae LL 2021-01, the following changes have been made to this topic:

- Verification requirements for part time, seasonal and secondary income have been updated to state the income must be expected to continue. The following verbiage has been removed from the requirement: "for the next 3 years".
- This statement has also been added:
"In no instance may the borrower have any gap in employment greater than one month in the most recent 12-month period, unless the secondary employment is considered seasonal income."

Manual Section(s) Impacted: 805.1, 1508.5

DIRECT ACCOUNT VERIFICATION REQUIREMENTS

Effective Date: April 11, 2021; New Registrations

Asset verification requirements for Agency salable transactions has been updated (Freddie Mac 2021-4). For direct account verifications (VOD) additional documentation is required to source the funds when the current balance *exceeds the average balance by more than 50% of the sum of the total monthly qualifying income on purchase transactions only* (italicized text reflects the update).

Manual Section(s) Impacted: 806.2

VA CIRCULAR UPDATE: ENHANCEMENTS TO THE CERTIFICATE OF ELIGIBILITY (COE)

Effective Date: March 19, 2021; New Registrations

VA Form 26-8937 is only required when the lender needs additional information from VA as of March 19, 2021. A reference to VA Circular 26-21-03, which announced this enhancement to the Certificate of Eligibility (COE), has been added to the VA fact sheets.

Manual Section(s) Impacted: 271, 276

NOTICE(S)***EXHIBIT UPDATES***

Updates have been made to exhibits as outlined below:

- Exhibit 10-Co-op Waiver Request- The mail station for the Citi return address has been updated.
- Exhibit 11-Co-op Status Worksheet – With Citi's system transition, the completed form can be uploaded on the new Correspondent Lending Portal, rather than emailed. A field has been added to the form for the Contact's email address so that Citi resources know who to contact with any follow up questions/information.

Manual Section(s) Impacted: Exhibits 10 and 11

CLARIFICATION(S)***IRS EXTENSIONS & ESTABLISHING INCOME***

The IRS Extensions topics in the sections listed below have been updated to include examples of additional documentation that could be used to verify income when the borrower has filed an extension for their most recent tax returns.

- **Form 4868** extends the filing date to October 15. The amount of tax liability disclosed on Form 4868 must be compared to the previous 2 years tax liability. Extension requests that reflect a lower tax liability than years' prior must be carefully reviewed and guidelines for declining income should be followed if applicable.
- Review and analysis of current business activity through a review of the most recent financial statement that covers the period since the last tax return filing.
- Review and analysis of current business activity through a review of at least the most recent three months of business bank statements.
- Signed IRS Form 941, Employer's Quarterly Federal Tax Return, for the prior calendar year and current calendar year quarter(s) that supports wages and other compensation documented on the most recent business tax return.
- Review of the W-2s, 1099s and/or K-1s from the most recent calendar year, if available.

Manual Section(s) Impacted: 805, 1508.5

MANUAL SECTIONS UPDATED

201	Agency Fixed Rate
271	VA Fixed and ARM
276	VA IRRRL
602	Limited Project Review
805	Income-General
805.1	Income-Wage Earner

806.2	Assets-Source of Funds
1501	Non Agy COVID Policy Actions
1508.5	Non Agy Empl & Income

1508.5	Non Agy Empl & Income
COV	Agency COVID Policy Actions
Ex 10	Co-op Waiver Req
Ex 11	Co-op Status Worksheet

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

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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