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### **COVID-19 TEMPORARY CREDIT POLICY UPDATE(S)**

#### ***FHA LOANS: INCOME & VOE REQUIREMENTS***

In the Verification of Existence of a Business and Rental Income topics, a Reference to 2021-16 has been added to policy which extends the date Citi will accept the requirements stated in temporary policy to loans with case numbers assigned on or before September 30, 2021.

Manual Section(s) Impacted: Agency COVID-19 Policy Actions

#### ***VA LOANS: INCOME & VOE REQUIREMENTS***

The Wage Income topic in this section has been updated with references to Circular 2-20-10, Change 2, dated June 29, 2021.

Manual Section(s) Impacted: Agency COVID-19 Policy Actions

## CREDIT POLICY UPDATE(S)

### ***RATE / TERM AND CASH-OUT REFINANCE UPDATES***

Effective: July 18, 2021; New Registrations

The following policy updates have been made:

#### **Rate/Term Refinance Update – LPA Agency Transactions Only**

- The mortgage being paid off must have a note no less than 30 days prior to the new note date, as documented in the credit report or title commitment.

#### **Cash-Out Refinance Update – Agency & Non-Agency transactions**

- With Freddie Mac Bulletin 2021-16, ownership requirements for properties held in an LLC have been aligned with Fannie Mae and may now be applied to all cash-out refinance transactions. The impacted policy is shown below for reference.

If prior to closing the property is owned and held in a Limited Liability Corporation (LLC) that is majority-owned or controlled by the borrower, the time it was held in the LLC may be counted towards meeting the borrower's six month ownership requirement. **Reminder:** In order to close the new refinance transaction, ownership must be transferred out of the LLC and into the name of the individual borrower.

Manual Section(s) Impacted: 810, 1508.1

### ***TITLE INSURANCE***

Effective: July 18, 2021; New Registrations

An additional change related to the above topic has been made regarding title policy requirements. A requirement has been added for a copy of the title commitment/binder to be provided in the closed loan file.

This addition is required to support Freddie's "no cash-out" seasoning requirement outlined above, which requires the mortgage being paid off to have a Note Date no less than thirty days prior to the new Note Date.

Manual Section(s) Impacted: 902.1

### ***FHA: IMMIGRATION / DACA ELIGIBILITY***

Reference to FHA Info Letter #21-34, which addresses and clarifies eligibility requirements for certain non-Permanent Resident Borrowers seeking to obtain insured mortgage financing, has been added to the FHA fact sheet. These updates may be applied immediately but must be implemented for mortgages with case numbers assigned on or after July 26, 2021.

Manual Section(s) Impacted: 270

### ***FHA: NEW STUDENT LOAN CALCULATION REQUIREMENT***

Effective: July 18, 2021; New Registrations

A reference to Mortgagee Letter 2021-13, which introduces a new student loan calculation requirement of the monthly payment obligation, has been added to the FHA fact sheet.

This update may be implemented immediately; however, must be applied to new loan registrations on and after August 16, 2021.

Manual Section(s) Impacted: 270

**NOTICE(S)*****HPML AND ATM / QR MANUAL SECTIONS HAVE MOVED***

Along with the other publishing updates this month, the HPML and ATM/QR Correspondent Manual sections are moving to Chapter 900. The ATM / QR section, formerly Section 801.1, is now Section 914 and the HPML section, formerly Section 416, is now Section 915.

**CLARIFICATION(S)*****DISABILITY INCOME***

Policy has been clarified to state that short-term disability that is being converted to long-term disability income within the next 3 years is considered eligible income provided the lower amount is used to qualify.

Manual Section(s) Impacted: 805.4

***QM ELIGIBILITY***

The fact sheets listed below have been updated to further clarify QM eligibility.

- **Agency ARMs:** Only loans that meet QM Safe Harbor requirements are eligible.
- **Agency Fixed:** Only loans that meet QM Safe Harbor requirements are eligible.
- **Non-Agency ARMs:** Loans must meet QM Safe Harbor requirements.
- **Non-Agency Fixed:** Loans must meet QM Safe Harbor requirements.

As a reminder (see Bulletin 2021-07), effective with borrower applications dated July 1, 2021, Citi requires all transactions, including the Agency 3/6 SOFR and 5/6 SOFR ARMs, meet the amended QM rule that was effective on March 1, 2021 in order to be eligible for purchase.

Loans with borrower application dates prior to July 1, 2021 that do not meet the amended QM rule must be purchased by July 25, 2021.

Manual Section(s) Impacted: 201, 204, 406, 407, 411, 1502.1

**REMINDER(S)*****W-9 REQUIREMENT***

Citi requires a completed W-9 be provided for all borrowers on any transaction with an escrow account. This document is listed as a requirement on Exhibit 16 -File Stacking Order.



# Correspondent Lending Bulletin

## MANUAL SECTIONS UPDATED

201	Agency Fixed Rate
204	Agency Libor ARM
270	FHA Fixed and ARM
406	Desktop Underwriter
407	Loan Prospector
411	Texas50F2

805.4	Income-Non Employment
810	Eligible Transactions
902.1	General Documentation
914	ATR/QM Overview
915	Higher Priced Mortgage Loans

1502.1	NA Fixed & ARM
1508.1	NA Eligibility/Transaction Types
COV	Agency COVID Policy Actions

For more information, contact

your assigned Client Services Consultant (CSC) or Account Executive (AE).

As a reminder, the [Correspondent Lending Portal](#) is available 24/7 for all of your pipeline management needs.

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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