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CREDIT POLICY UPDATE(S)

2021 FFIEC MEDIAN FAMILY INCOME UPDATES

Effective Date: September 30, 2021; New Registrations and Locks

The Citibank Lender Assessment Area Matrix has been updated to reflect 2021 Median Family Incomes as determined by the Federal Financial Institutions Examination Council (FFIEC).

Related updates will also be made to our CRA schedules.

Manual Section(s) Impacted: Exhibit 18

DU VALIDATION SERVICES

Effective with loans submitted or resubmitted to DU on or after the weekend of September 18, 2021, employment validation is being reinstated.

Along with its reactivation, the following new features have been added and may be utilized. The DU Validation Services topic has been updated accordingly.

- Verifying Rental Payment History: DU will attempt to identify recurring rent payment transactions with the Verification of Asset report to use in the credit risk assessment provided certain conditions exist.
- Asset Validation Using the VOA Report: When a 12-month VOA report is received to obtain rent payment history, the DU validation service will also use the report to attempt to validate the borrower's assets, therefore, messages pertaining to DU's validation of assets may also be received.

Refer to the fact sheets below for full details.

Manual Section(s) Impacted: 406, 413

GIFT FUNDS USED AS EARNEST MONEY

Effective Date: September 12, 2021; New Registrations

Per Freddie Mac 2021-25, documentation requirements have been added to the Earnest Money policy to address gift funds used as earnest money.

If the earnest money deposit is a gift and has been provided directly to the builder or real estate agent, verification of transfer of funds from the donor's account in a financial institution to the earnest money deposit holder is required.

Manual Section(s) Impacted: 806.2, 1508.4

NOTICE(S)

AGENCY MINIMUM FICO REQUIREMENTS

In DU Release Notes dated August 11, 2021, Fannie Mae announced an upcoming change to the credit score calculation used by DU in the eligibility assessment.

Please note Citi will continue to use representative FICO score, not the average of scores calculated by DU. Citi will not purchase loans that have a representative FICO score of less than 620 regardless of DU eligibility status. Citi will continue to use representative FICO for pricing, underwriting, mortgage insurance requirements and loan delivery.

CLARIFICATION(S)

ARM INITIAL FIXED PERIOD

Parameters defining the initial fixed rate period have been added for all ARM products.

Manual Section(s) Impacted: 204, 1502.1

DU PROPERTY INSPECTION WAIVERS

Current policy requires a disclosure be provided to the borrower when there is no appraisal or property inspection. This requirement no longer applies and has been removed from the DU Appraisal Waiver topic.

Manual Section(s) Impacted: 501.1

STUDENT LOAN PAYMENT CALCULATION

Student Loan payment calculation has been updated for Agency transactions (*italicized text reflects the update*).

If payments are currently deferred, or in forbearance, *use the higher of:*

- The monthly payment amount reported on the credit report, or
- *1% of the outstanding balance, as reported on the credit report.*

Manual Section(s) Impacted: 804

HOME POSSIBLE: CASH TO BORROWER

The Home Possible Program fact sheet has been updated to correct the maximum amount of cash back when there is a principal curtailment (*italics represents update*).

The maximum amount of the curtailment cannot exceed the *greater of 1% of the new refinance mortgage or \$2,000.*

Manual Section(s) Impacted: 235

CONSUMER CREDIT BLOCKS

The Consumer Credit Bureau Blocks topic has been clarified to note that *due to a DU limitation, a credit report with locked data at Experian* must be unlocked by the consumer prior to running DU (*italics represents update*).

Manual Section(s) Impacted: 807

SOLAR PANELS

Notes have been added to the Solar Panels policy to differentiate between requirements that apply to solar panels that are leased or covered by a power purchase agreement, when solar panels are financed and collateralized with a real estate record, and when solar panels are financed with a non-mortgage debt.

Manual Section(s) Impacted: 808

REMINDER(S)

AGED LOAN REMINDER

Citi's requirement regarding age of loans eligible for purchase is published in the General-Purchasing section's Loan Seasoning/Aging topic as shown below:

A Loan may be aged up to 90 days from its closing date to the date Citi purchases the Loan.

The Loan's payment history must reflect that all payments were made as agreed.

Please keep this requirement in mind as a critical element of pipeline management. Your designated Client Services Consultant can assist with tracking aged loans.

Manual Section(s) Impacted: 1001

MANUAL SECTIONS UPDATED

| | |
|-----|----------------------|
| 204 | Agency SOFR ARM |
| 235 | Home Possible |
| 406 | Desktop Underwriter |
| 413 | DU for Agency Jumbo |
| 501 | Appraisal Guidelines |

| | |
|-------|------------------------|
| 804 | Liabilities/Ratios |
| 806.2 | Assets-Source of Funds |
| 807 | Credit |
| 808 | Property |

| | |
|--------|----------------------|
| 1001 | General Purchasing |
| 1502.1 | NA Fixed & ARM |
| 1508.4 | Source of Funds |
| Ex 18 | CRA Assessment Areas |

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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