

**Breech, Mariana**

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**From:** CLD ABQ  
**Sent:** Thursday, August 29, 2019 4:17 PM  
**To:** CLD ABQ  
**Subject:** Cornerstone Home Lending, Inc. WINK! Announcement - Important FHA Reduction to LTV/CLTV for Cash Out Refinance

**Importance:** High



## FHA Reduction to LTV/CLTV for Cash Out Refinance Transactions

### LOAN TYPE:

All Programs  FNMA  FHLMC  **FHA**  VA  HUD-184  USDA  Non-Agency

### EFFECTIVE DATE:

Effective for case numbers assigned on or after September 1, 2019.

### WHAT I NEED TO KNOW!

As of the effective date, FHA will reduce the maximum LTV and CLTV percentages from 85% to 80% of the adjusted value on cash-out refinance mortgages.

This policy change seeks to mitigate risks associated with increasing levels of insured loan balances on cash-out refinance mortgages.

### HOW DOES THIS AFFECT ME?

Review your pipeline to ensure that the case number is assigned, when possible, prior to September 1<sup>st</sup>.

### WHAT ACTION DO I NEED TO TAKE NOW?

- Refer to [Mortgagee Letter 2019-11](#) for details.

- Loan Standards will be updated on 8.15.19.
- Jumbo/Non-Agency: *For jumbo/non-agency loans, please continue to apply all investor guidance found on the CHL correspondent website*