

**BULLETIN #2018-07**

**TO: Distribution**

**DATE: February 21, 2017**

**RE: CMG Financial Correspondent Lending Updates**

**EFFECTIVE: As noted below**

**CMG FINANCIAL CORRESPONDENT LENDING UPDATES**

**Topics Covered in this Announcement:**

- Secondary Update: Maximum Rate on Ratesheet for USDA Loans

**SECONDARY UPDATE: MAXIMUM RATE ON RATESHEET FOR USDA LOANS**

**Summary:** CMG USDA rates are now capped on the ratesheet with the maximum interest rate based on the established USDA interest rate cap. If the interest rate exceeds this maximum, the loan is not eligible for the USDA Guaranty. Per USDA Handbook 3555 the lender and the borrower are free to negotiate any mutually acceptable fixed interest rate, as long as it does not exceed the interest rate cap established by the Agency. This USDA cap is 100 basis points (1.00 percentage point) over the current Fannie Mae yield for 90-day delivery (actual/actual) for 30-year fixed rate conventional loans, rounded up to the nearest one-quarter of 1 percent.

In other words, the rate is negotiated between lender and applicant; however, interest rates may not exceed:

- Fannie Mae 90 day delivery for fixed rate mortgage
- Plus 100 basis points
- Rounded up to the nearest quarter of one percent

**Question:** Where can you find the applicable Fannie Mae Rate?

**Answer:** <https://www.efanniemae.com/sf/refmaterials/hrny/index.jsp>

**Action to Take:** Document file that rate did not exceed the cap on the date interest rate was locked. If rate floating when 3555-21 completed, lender must document file date rate was locked & confirmation rate did not exceed cap.

5. The interest rate is based on the  Fannie Mae on \_\_\_\_\_ (required to be completed).  
 The interest rate is locked in until \_\_\_\_\_ .  
 The interest rate will float until loan closing (documentation of lock date will be required w/ loan closing report).

**NOTE: If the interest rate increases at loan closing, the loan must be re-underwritten and this document must be recertified.**

RD will request confirmation of the lock date as a condition if the rate remains floating when CC is issued. If interest rate increases the following are required:

- Updated Application
- New updated 3555-21
- Updated underwriting
- Confirmation of date lock (meets max allowable).

Loans underwritten with the assistance of GUS will require a resubmission if the locked interest rate adversely affects the eligibility of the loan.

**Effective Date:** *Immediately*

***Please contact your Correspondent National Sales Manager  
or your Correspondent Liaison with any questions.***

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