

BULLETIN #2016-30

TO: Distribution

DATE: July 13, 2016

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- [Disaster List Update –West Virginia](#)
- [Reminder –Freddie Mac Implementing Loan Product Advisor July 11th](#)
- [FHA TOTAL Scorecard Update –Aug 22nd](#)

DISASTER LIST UPDATES- WEST VIRGINIA

Summary: FEMA added additional counties. FEMA has added additional counties to the individual assistance list, and is now applicable to the [CMG Disaster Policy](#).

West Virginia	
Jackson County	Lincoln County

Effective Date: Immediately

REMINDER- FREDDIE MAC IMPLEMENTED LOAN PRODUCT ADVISOR ON JULY 11TH

Summary: As a reminder, Freddie Mac is implementing Loan Product Advisor over the weekend. Expect to see changes in LP Feedback Certificates.

For more details on specific tool down times and on what changes to expect once the portal deploys based on how you access Freddie Mac tools, please reference the [Single-Family News Center article](#).

FHA TOTAL SCORECARD UPATE AUGUST 22ND

Summary: FHA has announced a definition change for Required investment field in TOTAL Mortgage Scorecard and FHA Connection.

The Federal Housing Administration (FHA) is changing the definition of the Required Investment field in its Technology Open To Approved Lenders (TOTAL) Mortgage Scorecard and FHA Connection (FHAC) technology, **effective for case numbers assigned on or after August 22, 2016**. This definition change will provide a more precise representation of the borrower's investment into the transaction.

Current and New Definition

	Definition	Data Source
Current Required Investment Definition	Borrower Funds to Close Required: Lenders must enter the total amount that the borrower is required to pay at closing. If the borrower is receiving cash back, the amount should be a negative number.	<i>Uniform Residential Loan Application</i> , Section VII, Details of Transaction Line p; Cash from/to Borrower.
New Required Investment Definition (for case numbers assigned on or after August 22)	Borrower's Investment into the Transaction: If the borrower is receiving cash back, the amount should be a negative number.	<i>Uniform Residential Loan Application</i> , Section VII, Details of Transaction Line i, Total Costs: <ul style="list-style-type: none">• Subtract closing costs or other credits paid by an interested third party;• Subtract total Loan Amount (including financed Mortgage Insurance Premium).

TOTAL Mortgage Scorecard Implementation

FHA has notified its Automated Underwriting System (AUS) vendors of this change. The AUS vendors are in the process of making the adjustments to their calculations for submission to the TOTAL Mortgage Scorecard.

There may be a small population of loans that have case numbers assigned prior to August 22 that have not previously been scored by the TOTAL Mortgage Scorecard. In these instances:

- A mortgagee's AUS vendor may not know which calculation to use until after the loan with a case number has been scored for the first time, and the AUS vendor obtains the version number that indicates the case number assignment date range; and
- Mortgagees may receive messages from their AUS vendor that the loan needs to be resubmitted and re-run through the TOTAL Mortgage Scorecard in order to obtain the correct result from the TOTAL Mortgage Scorecard.

FHA expects that this scenario will only be applicable to a small number of transactions.

FHAC Implementation

For case numbers assigned on or after August 22, mortgagees should ensure that the amount of the Required Investment entered into FHAC's Required Investment field on the Insurance Application screen is calculated using the new definition.

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

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