

BULLETIN #2015-31

TO: Distribution

DATE: October 6, 2015

**RE: CMG Financial Correspondent USDA and
Disaster Updates**

EFFECTIVE: As noted below

CMG CORRESPONDENT USDA FISCAL YEAR 2016 NOTICE and DISASTER AREA UPDATES

Topics Covered in this Announcement:

- **USDA Fiscal Year 2015 Conditional Commitment Notice**
- **Severe Storms and Flooding Disaster Area**

USDA FISCAL YEAR 2016 CONDITIONAL COMMITMENT NOTICE

Summary: As happens at the beginning of each fiscal year, funding for the Single Family Housing Guaranteed Loan Program (SFHGLP) will not be available for a short period of time at the beginning of Fiscal Year 2016 (FY 2016), which starts October 1, 2015. During the temporary lapse of funding, Rural Development will issue Conditional Commitments “subject to the availability of commitment authority” for purchase and refinance transactions. An upfront guarantee fee of 2.75 percent accompanied by an annual fee of 0.5 percent will apply to both purchase and refinance transactions in FY 2016. The following will apply:

- Rural Development will continue to accept complete SFHGLP applications for purchase and refinance loan transactions from lenders.
- Rural Development will process, approve, and issue Conditional Commitments (Form RD 3555-18) for those applications that are eligible “subject to the availability of commitment authority.”
- **CMG Financial Correspondent may purchase loans as scheduled.**
- When funds become available, Rural Development will “Obligate” funds for Conditional Commitments issued for loans subject to the availability of commitment authority.
- Once loans are obligated, Rural Development will process lender’s Loan Note Guarantee requests as soon as the loans are verified as being closed and all conditions of the Conditional Commitment are satisfied.
- Correspondent Lenders assume all loss default risk for the loan until Rural Development is able to obligate it and the Loan Note Guarantee is issued.

Action to Take: CMG Financial Correspondent may purchase loans as scheduled.

SEVERE STORMS AND FLOODING IN NORTH CAROLINA AND SOUTH CAROLINA

Due to severe storms and flooding in North Carolina and South Carolina, CMG is temporarily instating the [CMG Disaster Policy](#) for all properties in North Carolina and South Carolina.

- All forty-six counties for South Carolina are currently on the FEMA list, but no individual assistance yet:
- <http://www.fema.gov/disaster/3373/designated-areas>
- North Carolina - all 100 counties - were declared state of emergency prior to the weekend by the Governor to assist in statewide preparations for the storms and flooding:
<https://www.ncdps.gov/cit/ExecutiveOrders/McCroyEO80StateofEmergency.pdf>

Corporate Credit will continue to monitor the situation and will lift statewide considerations as the extent of the damage becomes clearer.

Action to Take: At this time, apply CMG's Disaster Policy requirements to properties located in North Carolina or South Carolina.

Links:

- FEMA Disasters: www.fema.gov/disasters
- [CMG Disaster Policy](#)

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

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