

BULLETIN #2017-63

TO: Distribution

DATE: December 7, 2017

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- 2018 LOAN LIMITS
- REMINDER-MCC & TAX REFORM- DEADLINES AND SUSPENSION OF MCC USED TO QUALIFY

2018 LOAN LIMITS

Summary: CMG is scheduled to begin accepting locks under the new 2018 Loan Limits beginning December 11th, 2017. Loans under the new limits may be locked and closed/purchased beginning December 11, 2017. See below for new limits and information on AUS implementation dates.

General Loan Limits for 2018

The general loan limits for 2018 have increased and apply to loans delivered to Fannie Mae in 2018 (even if originated prior to 1/1/2018).

Maximum Loan Amount for 2018

Units	Contiguous States	Alaska & Hawaii
1	\$453,100	\$679,650
2	\$580,150	\$870,225
3	\$701,250	\$1,051,875
4	\$871,450	\$1,307,175

Maximum Loan Amount for High-Cost Areas for 2018

Units	Contiguous States	Alaska & Hawaii
1	\$679,650	\$1,019,475
2	\$870,225	\$1,305,325
3	\$1,051,875	\$1,577,800
4	\$1,307,175	\$1,960,750

As a reminder, actual loan limits for certain high-costs areas, as determined by FHFA, may be lower than the maximum high-cost area limits identified above.

AUS Implementation:

- Desktop Underwriter®: The 2018 loan limits will be applied to Desktop Underwriter loan casefiles submitted (or resubmitted) on or after the weekend of **December 9, 2017**. Also note that loan casefiles underwritten through DU prior to December 9 that receive an Ineligible recommendation due only to exceeding the 2017 loan limit do not have to be resubmitted to DU if the loan amount complies with the applicable 2018 loan limit.
- Freddie Mac Loan Product Advisor®: Freddie Mac Loan Product Advisor® will be updated on **December 3, 2017**.

Action to Take: You may begin originating mortgages with the 2018 loan limits, however, they cannot be locked nor closed/purchased until December 11th, 2017.

Government loans: FHA and VA limits will most likely be impacted and formal communication from FHA and VA is pending. Typically FHA changes to loan amount limits are based on case number date. Typically, VA changes to loan amount limits (guaranty amount) occur based on loan closing date. Please watch for additional updates regarding the impact of loan limit changes to FHA and VA loans.

Links:

<https://www.fanniemae.com/singlefamily/loan-limits>

Fannie Mae: <https://www.fanniemae.com/content/announcement/111710.pdf>

Freddie: http://www.freddiemac.com/singlefamily/news/2017/1128_loan_limits.html?attr=rssSFNews

FHFA: <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Maximum-Conforming-Loan-Limits-for-201>

REMINDER- MCC & TAX REFORM -DEADLINES AND SUSPENSION OF MCC USED TO QUALIFY

Summary: Due to the ongoing tax reform legislation in the U.S. Congress there is uncertainty in regards to the future of MCC programs. At this time, **based on feedback from HFA program administrators**, CMG is taking the following precautions to help make sure we protect our borrower and our loan eligibility for the proposed 2018 changes. CMG is temporarily suspending using an MCC to credit qualify and setting date restrictions as noted below.

- Effective immediately, CMG will be suspending using an MCC to credit qualify.
- If a loan is already approved using an MCC to qualify it must close by the more restrictive of the MCC issuer eligibility date or November 30th.
- Effective with all loans purchased after November 30, 2017, all loans using an MCC to qualify are only eligible for purchase if documentation is provided that the MCC has been issued to the borrower.

Effective Date: As note above. The current House version of the Tax Reform proposal referenced will eliminate the MCC Programs, effective December 31, 2017. It is unclear at this time what the final tax reform will be. We will continue to monitor the progress of this proposed legislation and provide updates.

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

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