MEMO #2018-02

TO: Wholesale Broker & Select Partner Clients

RE: CMG Credit Policy and Guideline Updates

DATE: January 9, 2018

EFFECTIVE: As noted below

CMG FINANCIAL CREDIT POLICY AND GUIDELINE UPDATES

Topics Covered in this Announcement:

- Possible Government Shut Down: Effects on Government Financing
- Training Opportunities: Register Now
- Removing Overlay: FHA Waiting Period
- Reminder: Select Partner Must Issue the Goodbye Letter
- Reminder: Intent to Proceed

POSSIBLE GOVERNMENT SHUTDOWN: EFFECTS ON GOVERNMENT FINANCING

Since Congress only passed a short-term extension of government funding (until January 19th) before leaving Washington, the odds of a possible shutdown have increased for later this month. As a reminder, if there is a shutdown, it is expected to have minimal impact in the near term on the federal housing programs with the exception of the USDA program.

The highlights are:

- FHA will continue issuing case numbers and insuring loans.
- VA loan guaranty program will be operational
- USDA will not issue new commitments or guarantee closed loans.

Below are the contingency plans for FHA, VA and USDA:

<table>
<thead>
<tr>
<th>FHA</th>
<th><a href="https://www.hud.gov/sites/documents/HUDCONTINGENCYPLANFINAL.PDF">https://www.hud.gov/sites/documents/HUDCONTINGENCYPLANFINAL.PDF</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>VA</td>
<td><a href="https://www.blogs.va.gov/VAntage/wp-content/uploads/2017/12/VA-Contingency-Plan-2017-2018_Final-Submission.docx">https://www.blogs.va.gov/VAntage/wp-content/uploads/2017/12/VA-Contingency-Plan-2017-2018_Final-Submission.docx</a> The VA has determined that housing is an &quot;essential service.&quot; In addition, VA projects that &quot;95.5% of VA employees would be either fully funded or required to perform excepted functions during a shutdown.&quot;</td>
</tr>
<tr>
<td>USDA</td>
<td><a href="https://www.usda.gov/sites/default/files/documents/usda-rd-shutdown-plan.pdf">https://www.usda.gov/sites/default/files/documents/usda-rd-shutdown-plan.pdf</a> USDA states that &quot;RD has no program activities that would continue in the absence of an appropriation.&quot; As a result, USDA will be unable to issue new conditional commitments during a shutdown. While lenders are permitted to close loans with outstanding commitments, USDA will also be unable to guarantee them until staff return to work.</td>
</tr>
</tbody>
</table>

Action to Take: Update is for informational purposes. No action required at this time.
Effective Date: Pending

TRAINING OPPORTUNITIES: REGISTER NOW

Summary: The Q1 2018 Training Calendar has been published and registration is now open. Please feel free to register for any and all of the classes listed below. After registering, you will receive a confirmation email containing information about joining the webinar.

CLASS OFFERINGS & DATES

FHA Loan Training
Sponsored by CMG Financial National Wholesale
Hosted by Michaela Johnson, National Underwriting Manager

We will review FHA financing, and $100 Down program.

January 17, 2018 (12:00 PM PST, 2:00 PM CST, 3:00 PM EST)

REGISTER

Condo Approval Process Made Easy
Sponsored by CMG Financial National Wholesale
Hosted by Tim Parent, Vice President of Project Standards

Do you shy away from Condos because you think they are difficult to get approved? If so, please join Tim Parent, VP of Project Standards at CMG Financial to discuss and review the condo approval process, questions to ask and new tools available to you.

January 31, 2018 (11:00 AM PST, 1:00 PM CST, 2:00 PM EST)

REGISTER

VA Loan Training
Sponsored by CMG Financial National Wholesale
Hosted by Michaela Johnson, National Underwriting Manager

VA loans help Service Members, Veterans and eligible surviving spouses become homeowners. Spend an hour with CMG Financial to learn more about $0 down purchase loans with no PMI, Cash-Out Refinances and Interest Rate Reduction Refinance Loans (IRRRL) available with VA financing.

February 21, 2018 (11:00 AM PST, 1:00 PM CST, 2:00 PM EST)

REGISTER

Jumbo Product Training
Sponsored by CMG Financial National Wholesale
Hosted by Michaela Johnson, National Underwriting Manager
We will be reviewing all of the Jumbo Programs currently offered and discussing in detail each of their guidelines so that you can easily identify the best program for your borrower.

February 28, 2018 (11:00 AM PST, 1:00 PM CST, 2:00 PM EST)

REGISTER

REMOVING OVERLAY: FHA WAITING PERIOD

Summary: CMG is removing the following FHA Overlay:

- Cash out loans with loan amounts greater than $424,100 require a four year waiting period for significant derogatory credit events.

We are aligning up with FHA guidelines regarding waiting periods after a significant derogatory credit event. AUS approval still required for high balance transactions.

Guideline/Overlay Matrix: Guidelines, Overlay Matrices and Derogatory Credit Matrix have been updated and reposted.

Effective Date: Immediately

REMINDER: SELECT PARTNER MUST ISSUE THE GOODBYE LETTER

Summary: It is the responsibility of the Select Partner to issue the goodbye letter to the borrower(s) once the loan has been purchased by CMG. Please forward a copy of the goodbye letter to CMG.

Effective Date: Immediate/Reminder

REMINDER: INTENT TO PROCEED

Summary: As a reminder, the intent to proceed cannot be signed and dated prior to the date that the borrower receives the Loan Estimate (LE) disclosed by CMG.

Effective Date: Immediate/Reminder

Contact your Account Executive or Client Success Expert for full details