

BULLETIN # 2019-01

TO: Distribution

DATE: January 2, 2019

RE: CMG Financial Correspondent Lending  
Updates

EFFECTIVE: As noted below

---

## CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Government Shutdown
- Reminder: Changes to VA Cash-Out Refinances Coming
- Reminder: Fannie & Freddie New High LTVV Refinance Now Available
- Reminder: Ginnie Mae pooling Restrictions, FHA & VA

### GOVERNMENT SHUT DOWN

**Summary:** Bulletin 2018-56 was distributed on Monday, December 24th, detailing the impact of the government shutdown. CMG announced temporary changes to underwriting and purchase requirements for loans closed during the federal government shutdown. Please refer to the previously released bulletin for details: [CMG Bulletin 2018-56](#)

**Note: Update after initial distribution** - Under Congressional and industry pressure, FEMA has reversed its position on the impact of the shutdown on the National Flood Insurance Program (NFIP). FEMA has announced that NFIP insurers may resume the sale, renewal and monetary endorsements for flood insurance policies.

**FEMA has noted that the change is retroactive to December 21st.**

### REMINDER: CHANGES TO VA CASH-OUT REFINANCES COMING SOON

**Summary:** The VA is amending its rules on cash-out refinance loans via an interim final rule. This interim final rule is now available on the Federal Register website and it defines the parameters of when VA will permit cashout refinance loans, to include defining net tangible benefit, recoupment, and seasoning requirements.

In addition, VA has issued [Circular 26-18-30](#) as well as a follow up correction circular [26-18-30 change1](#) addressing the topic.

VA Cash Out Refinances will now include two categories:

- cash-outs in which the principal for the new loan is equal to or less than the pay-off amount on the refinanced loan (Type I Cash-Outs)
- cash-outs in which amount of principal for the new loan is larger than the pay-off amount (Type II Cash-Outs)

Note: Very few loans are expected to fall into Type I.

**Action to Take:** Watch for additional details regarding new net tangible benefit, recoupment, seasoning and disclosure requirements.

**Effective Date - Clarified:** *The rule is effective on February 15, 2019, and will apply to VA cash-out refinance loan applications taken on, or after, this date.*

**Links:**

<https://www.federalregister.gov/documents/2018/12/17/2018-27263/loan-guaranty-revisions-to-va-guaranteed-or-insured-cash-out-home-refinance-loans>

[https://www.benefits.va.gov/homeloans/documents/circulars/26\\_18\\_30.pdf](https://www.benefits.va.gov/homeloans/documents/circulars/26_18_30.pdf)

[https://www.benefits.va.gov/homeloans/documents/circulars/26\\_18\\_30\\_change1.pdf](https://www.benefits.va.gov/homeloans/documents/circulars/26_18_30_change1.pdf)

**REMINDER: FANNIE AND FREDDIE NEW HIGH LTV REFINANCE**

**Summary:** As a reminder, CMG has released both the Fannie and Freddie new High LTV products that will provide refinance opportunities to borrowers with existing Fannie Mae/Freddie Mac mortgages who are making their mortgage payments on time but whose LTV ratio for a new mortgage exceeds the maximum allowed for standard limited cash-out refinance options. Loans under the new product options will need to meet several eligibility criteria and are not eligible to be closed until January 2019 at the earliest.

Guidelines may be viewed by clicking on the links below:

<http://docs.cmgfi.com/guidelines/CMG-DU-High-LTV-Refinance-Conventional-Guidelines.pdf>

<http://docs.cmgfi.com/guidelines/CMG-LPA-High-LTV-Refinance-Conventional-Guidelines.pdf>

**Effective Date:** Product guidelines and ratesheets are available. Pricing will be manual until approximately January 22nd so please reach out to the [CMG lockdesk](#).

**REMINDER: GINNE MAE POOLING RESTRICTIONS: FHA & VA**

As a Reminder: Due to Ginnie Mae pooling restrictions. FHA & VA streamlined refinance and cash out loans must meet additional seasoning requirements.

CMG loans purchases, FHA streamlined refinance and cash out loans are eligible if and only if:

o the borrower made at least six consecutive monthly payments on the loan being refinanced, referred to hereinafter as the Initial Loan, beginning with the payment made on the first payment due date; and

o the first payment due date of the refinance loan occurs no earlier than 21 a days after the first payment due date of the Initial Loan.

CMG loans purchases, all VA refinances must meet New GNMA VA refinance seasoning requirement. The note date of the refinance loan must be on or after the later of:

- a) the date that is 210 days after the date on which the first monthly payment was made on the mortgage being refinanced, and
- b) the date on which 6 full monthly payments have been made on the mortgage being refinanced.

Notes: All VA refinances must meet the seasoning requirement as VA doesn't specify rate/term eligibility. Refer to the FHA Streamline Worksheet for FHA Streamlines (seasoning requirements for FHA Streamlines are based on case number assignment date vs loan closing date).

**Effective Date:** *This is a reminder.*

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



© 2019 CMG Financial, All Rights Reserved. CMG Financial is a registered trade name of CMG Mortgage, Inc., NMLS #1820 in most, but not all states. CMG Mortgage, Inc. is an equal opportunity lender, licensed by the Department of Business Oversight under the California Residential Mortgage Lending Act No. 4150025, California Finance Lenders Law No. 6053674. For information about our company, please visit us at [www.cmgfi.com](http://www.cmgfi.com). To verify our complete list of state licenses, please visit [www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org). For more information on State licenses, please visit <http://www.cmgfi.com/corporate/licensing>.

[Unsubscribe here.](#) if you don't wish to receive these messages in the future.  
null, null null