

BULLETIN #2017-06

TO: Distribution

DATE: January 25, 2017

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Reminder: No FHA Premium Change
- Clarification: Unacceptable Income Sources
- Eligibility of Resident Aliens Under DACA

REMINDER: NO FHA PREMIUM CHANGE

Summary: Mortgagee Letter 2017-07 was released announcing the Suspension of Mortgagee Letter 2017-01: Reduction of Federal Housing Administration (FHA) Annual Mortgage Insurance Premium (MIP) Rates. This new Mortgagee Letter communicates that Mortgagee Letter 2017-01, reducing Mortgage Insurance Premiums for loans with Closing/Disbursement date on or after January 27, 2017, **has been suspended indefinitely**. All loans must be disclosed/re-disclosed and closed at the current MIP rates.

FHA will issue a subsequent Mortgagee Letter at a later date should this policy change.

Link to Mortgagee Letter 17-07: <https://portal.hud.gov/hudportal/documents/huddoc?id=17-07ml.pdf>

Effective Date: *Immediately*

CLARIFICATION: UNACCEPTABLE INCOME SOURCES

Summary: CMG considers any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations as an ineligible income source for all financing types and programs. Federal law restricts the following activities and therefore the income from these sources are not allowed for qualifying:

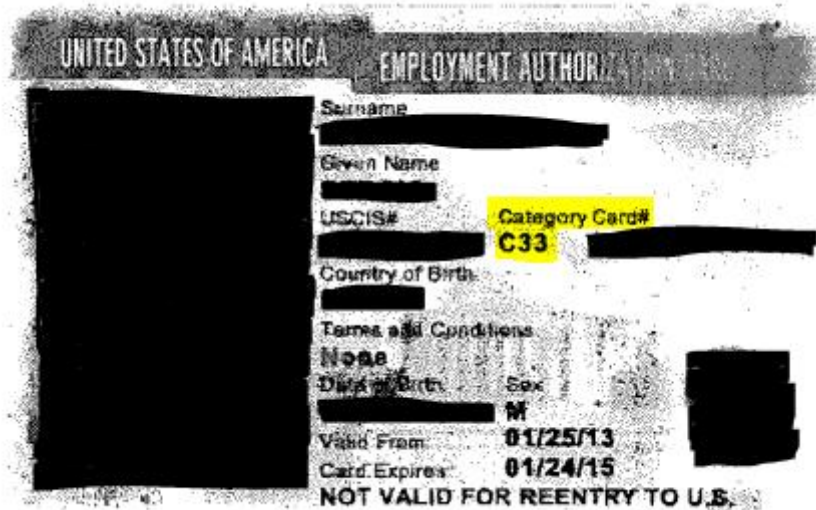
- Foreign shell banks
- Medical marijuana dispensaries
- Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law.
- Businesses engaged in any type of internet gambling.

CMG may only consider income if it is legally derived. Per IRS regulations, income derived from trafficking in controlled substances is illegal and under federal law, marijuana is a controlled substance.

Effective Date: *This clarification is effective immediately.*

ELIGIBILITY OF RESIDENT ALIENS UNDER DACA

Summary: This is a clarification that borrowers with an EAD issued under the Deferred Action for Childhood Arrivals (DACA) are not eligible for financing. An alien granted deferred action pursuant to the DACA process will reflect category C33 on his/her EAD as seen in the screenshot below:



What is DACA? (From the USCIS website): On June 15, 2012, the Secretary of Homeland Security announced that certain people who came to the United States as children and meet several guidelines may request consideration of deferred action for a period of two years, subject to renewal. They are also eligible for work authorization. Deferred action is a use of prosecutorial discretion to defer removal action against an individual for a certain period of time. Deferred action does not provide lawful status.

Note: CMG guidelines require a valid visa and CMG considers exceptions to borrowers without an eligible/valid visa on a case by case basis only. As category C33 work status is under a deferred action and does not provide lawful status, borrowers working under DACA authorization are not eligible for financing under CMG loan programs and are not considered for exception approval.

Links/Resources:

<https://www.uscis.gov/humanitarian/consideration-deferred-action-childhood-arrivals-daca>
<https://secure.ssa.gov/poms.nsf/lnx/0110211420>

Effective Date: *This is a clarification and effective immediately.*

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

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