



TO: Distribution

DATE: February 3, 2021

RE: CMG Financial Correspondent Lending
Updates 2021-05

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- New Product Release: JumboA and Jumbo Express
- Reminder- Private Flood Insurance NOT Acceptable for FHA
- All In One Updates

NEW PRODUCT RELEASE: JUMBOA AND JUMBO EXPRESS

Summary: Effective Immediately, CMG is pleased to announce new product release, the JumboA and Jumbo Express.

Product Codes for JumboA:

Non-Agency JumboA	INV1A1 30 YR FIXED			INV1A1 15 YR FIXED
Non-Agency Jumbo A		INV1A1 5/6 ARM	INV1A1 7/6 ARM	INV1A1 10/6 ARM

Program Details

- Primary 1 Unit- Purchase, Rate/Term up to \$3M
 - Maximum LTV/CLTV 89.99% (Purchase transactions only eligible for greater than 80% LTV/CLTV> 30 Year Fixed Rate Only)
 - Cash-Out up to \$500,000
- Primary 2-4 Unit Purchase, Rate/Term up to \$2M
- Second Home- Purchase, Rate/Term up to \$2.5M
 - Cash-Out up to \$350,000
- Investment 1 Unit- Purchase, Rate/Term up to \$1M
- Investment 2-4 Unit- Purchase, Rate/Term up to \$2M
- Minimum Loan Amount- \$1 over current one=unit conforming loan limit
- Minimum Credit Score 700
- DTI up to 43%

- Fixed and ARMs

Product Codes for Jumbo Express:

Non-Agency Jumbo Express	INV1E1 30 YR FIXED
---------------------------------	---------------------------

Program Details

- AUS
 - Follow AUS for multiple properties, revolving debt, source of funds, liens/collections, credit depth, housing payment history, max cash-out. Follow Appendix Q for all income/employment requirements. AUS relief is for specific credit items only.
 - AUS findings required with Approve/Ineligible, Accept/Ineligible due only to loan amount
 - AUS Approve or Accept Eligible is not acceptable for this program
- Primary 1-2 Unit-Purchase. Rate/Term up to \$1.5M
 - Cash-Out- Follow AUS Requirements
- Second Home-Purchase, Rate/Term up to \$1M
 - Cash-Out- Follow AUS Requirements
- Credit Score 700-740
- DTI up to 43%
 - Cash-Out Refi DTI up to 38%
- LTV up to 80%
- Maximum Loan Amount-\$1 over High Balance
- 30 Yr. Fixed Rate
- Condo
 - Warrantable, limited review per AUS

Lock Cut-Off: The lock cut-off time for both JumboA and Jumbo Express is 3:30 pm Pacific Standard Time (PST).

Age of Docs – Express: For the Express program, the age of docs must adhere the GSE temporary COVID-19 requirements: 60 days. JumboA remains at 90 days with underwriter discretion to require more recent documentation.

Forbearance – JumboA and Jumbo Express: Any transaction that entered into forbearance requires a 24 month on time payment history after the borrower exits forbearance. This applies even if the borrower continued to make payments on time.

Guidelines:

[CMG JumboA Series Guidelines](#)

[Jumbo Express Series](#)

Effective Date: *Immediately*

REMINDER- PRIVATE FLOOD IS NOT ACCEPTABLE FOR FHA TRANSACTIONS

Summary: Although FHA published a proposed rule allowing private flood insurance last November, that rule is not effective yet. All FHA-related properties in designated Special Flood Hazard Areas (SFHA) must have federal flood insurance from the National Flood Insurance Program (NFIP). Private flood insurance is NOT acceptable for FHA transactions.

Effective Date: *n/a, reminder. This information continues to be noted in the flood insurance requirements section of the guidelines*

Link to recent OIG audit:

<https://www.hudoiq.gov/reports-publications/reports/fha-insured-940-million-loans-properties-flood-zones-without-required>

ALL IN ONE UPDATES

Summary: See below for updates to All In One cash-out transactions and All In One transactions in New York.

- **Background for Cash-Out Update:** Interest on the AIO HELOC cumulates daily throughout each monthly billing-cycle, beginning the day after funding. In an effort to help borrowers avoid unnecessary interest expense during the account setup period, cash disbursed at closing is discouraged unless needed to fund near-term needs. For all AIO cash out loans when cash in hand is disbursed at closing, a detailed borrower explanation letter must be provided PTD. (Previously required only on properties owned free and clear. There is no change that Zero initial advances (draws) are not allowed for free and clear properties.)
- **New requirement:**
 - The **AIO HELOC Submission Form** will be required at submission for all AIO loans in order to help properly set up the loan's expected initial advance and cash-out amounts. This will benefit underwriters when reviewing the file.
 - If cash is being disbursed, then the new AIO HELOC Cash-Out Explanation Form, or a borrower generated LOE is required.
 - If cash disbursed at closing exceeds the lesser of 1% or \$2,000 a detailed borrower explanation (LOE) is required PTD. The explanation letter should outline the amount and reason for the borrower requested cash disbursement. If applicable, the explanation should include a reference to the timing of the use of funds to evidence the disbursement is to fund a near-term need.

Note: The auto populated AIO HELOC Verification Form will still be required PTD, for the LO to verify accuracy of set up prior to closing.


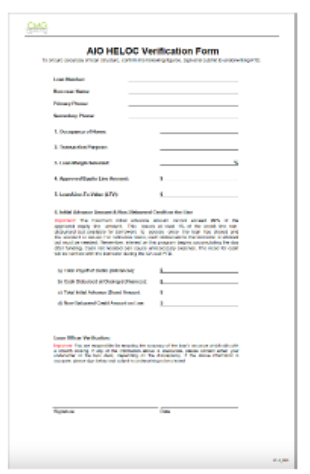
New forms:

- The [AIO HELOC Cash-Out Explanation Form](#) (click link to access form) is the preferred method of satisfying this requirement.
- The reinstatement of the [AIO HELOC Submission Set-Up Form](#).

#801-WAB Program- A power of attorney is not permitted for All In One transactions in New York.

Effective Date: *These updates are effective immediately. Guidelines will be updated and reposted next week.*

Summary of the three AIO specific forms:

AIO HELOC Submission Set-Up Form	AIO HELOC Cash-OUT Explanation Form	AIO HELOC Verification Form
<p>Required at Submission Filled out by LO/Processor Printed & Signed by LO</p>	<p>PTD in Underwriting, if applicable Filled out by Borrower</p>	<p>PTD at underwriting Auto completed in Byte</p>
 <p>The form includes fields for Loan Number, Borrower Name, Submitter/LO, Date Completed, and HELOC Structure (Total Credit Line Amount, Initial Advance Amount, Cash to be Disbursed at Closing, Disbursed Funds/Cash on Credit Line).</p>	 <p>The form includes fields for Loan Number, Borrower Name, Cash amount to be disbursed at closing, and a large text area for explanation. It also has a section for Disbursed Signature and Date.</p>	 <p>The form includes fields for Loan Number, Borrower Name, Primary/Phone, Secondary/Phone, Occupancy (Primary/Secondary), Loan-to-value (LTV), and Loan-to-Value (LTV) Ratio. It also has a section for Loan Officer Verification.</p>

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



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.cmgi.com. To verify our complete list of state licenses, please visit www.nmlsconsumeraccess.org. For more information on State licenses, please visit <http://www.cmgi.com/corporate/licensing>.

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