

BULLETIN # 2019-17

TO: Distribution

DATE: April 24, 2019

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

### CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- **FHA Mortgagee Letter 19-06- Government Entities & DPA**
- **VA Guideline Updates and Refinance Seasoning Reminder**
- **Disaster Updates: Iowa**

#### FHA MORTGAGEE LETTER 19-06-GOVERNMENT ENTITIES & DPA

**Summary:** On April 18th, FHA issued Mortgagee Letter 19-06 clarifying documentation requirements that FHA approved Mortgagees must satisfy when originating a mortgage for a borrower using funds from another person or entity to meet their Minimum Required Investment. This includes specific documentation requirements for Governmental Entity Down Payment Assistance Programs. The National Council of State Housing Agencies is assessing impact.

The effective date of the guidance is for case numbers assigned on or after April 18, 2019. Because this new guidance increases documentation required some HFAs may be suspending their FHA options for FHA case number issued on or after April 18, 2019. State HFA groups are reviewing to determine if they'll meet the new requirements.

**Action to Take:** Be aware that State Agency FHA program providers will need to provide the required documentation prior to closing. Underwriting needs to confirm ALL FHA eligibility requirements are met. There are no exceptions to obtaining the required letters and proof of transferred funds, etc.

**Effective Date:** *The effective date of the guidance is for case numbers assigned on or after April 18, 2019. State HFAs are reviewing to determine if they'll meet the new requirements and may be suspending their programs.*

#### VA GUIDELINE UPDATES & REFINANCE SEASONING REMINDER

**Summary:** As a reminder, the GNMA seasoning requirements must be met for all VA IRRRL & Regular Refinance transactions; not just VA to VA refinances. If the lien to be paid off is not guaranteed by the VA the seasoning requirement still applies.

VA loans: The note date of the refinance loan must be on or after the later of:

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

**Important Note**

For VA Loans- In order to correctly calculate, documentation will need to be obtained that documents when the first payment was made on the lien being refinanced.

For VA refinance (IRRRL or Regular/Cash-out Refinance) the worksheet should be completed in the loan file if the lien to be paid off is less than 12 months old.

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

**Links:** [GNMA Seasoning Refinance Transactions](#) This worksheet is at the lender discretion. The worksheet has separate tabs for VA and FHA.

[VA Circular 26-18-13](#) (IRRRL)

[GNMA APM 18-04](#) (All VA Refinances)

[VA Circular 26-19-05](#) (VA Cashout)

## DISASTER UPDATES: IOWA

**Summary:** FEMA has added two additional counties for Iowa Disaster 4421. There remains no end date to the disaster, so FHA transactions in the below counties remain ineligible for closing until a FEMA issues an end date, or an FHA Waiver is released.

### Full list of Designated Counties (Individual Assistance):

Fremont, Harrison, Mills, Monona, Pottawattamie, Shelby, Woodbury

### Links:

<http://www.fema.gov/>

<https://www.fema.gov/disaster/4421>

<https://docs.cmqfi.com/corporate/Disaster-area-cps-1004-ALL.pdf>

**Effective Date:** *Immediately*

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



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