

BULLETIN # 2019-33

TO: Distribution

DATE: July 10, 2019

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

### CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- JUMBO SERIES NON-AGENCY PRODUCTS CLARIFICATION
- NEW ALL IN ONE 3 & 5 YEAR FIXED RATE OPITIONS

#### JUMBO SERIES NON-AGENCY PRODUCTS CLARIFICATION

**Summary:** Clarification to CMG Jumbo Series cashout requirements, specifying that the continuity of obligation and ownership seasoning as it relates to cash out guidelines are separate and isolated from each other. The borrower cannot change vesting out of an LLC to obtain cashout, regardless of the percentage of ownership of the LLC. Both Continuity of Obligation and Ownership Seasoning requirements must be met.

Products:

- 6200 Series Premier Jumbo QM
- 6600 Series Expanded Jumbo QM
- 6700 Series Simply Jumbo QM
- 7200 Series Premier Jumbo Non-QM
- 7600 Series Expanded Jumbo Non-QM
- 6900 Series Renew Non-Agency QM
- 7900 Series Renew Non-Agency Non-QM

**Effective Date:** *Immediately*

#### NEW ALL IN ONE 3 & 5 YEAR FIXED RATE PRODUCTS

**Summary:** Effective immediately, CMG will offer both a 3 year fixed and a 5 year fixed All In One option. The new 801-WAB-3FIX product provides for an Introductory Fixed Rate that is fixed rate for the first three years. The new 801-MBI-5FIX product has a fixed rate for the first five years. For both new products, once the fixed term expires, the program will become fully adjustable each month.

**New Program Codes:**

- **801-WAB-3FIX** is the product code for the new 3-year fixed option. Underwriting guidelines will be the

same as for the #801-WAB. This product will offer an "Introductory rate" that may be less than the fully indexed rate plus margin. Three margins will be offered as a part of this product: loan's margin will either be 3.250%, 3.500% or 3.750%. There are no period adjustment caps. The floor is 3.75%. The lifetime cap remains the same as it is today at; 6% over the greater of either the initial fully-indexed rate (6.000% + 1-month LIBOR + Margin) OR the lifetime floor rate (6.000% + 3.750%).

• **801-MBI-5FIX** is the product code for the new 5-year fixed option. Underwriting guidelines will be the same as for the #801-MBI. Borrowers will have the opportunity to fix their fully-indexed-rate (1-month LIBOR index + a margin) for 60 months, before it becomes fully adjustable (monthly) for the remaining 25 years. Only 2 margins will be offered as part of this product: 3.250% & 3.500%. The floor is 3.75%. The lifetime cap remains the same as it is today at; 6% over the greater of either the initial fully-indexed rate (6.000% + 1-month LIBOR + Margin) OR the lifetime floor rate (6.000% + 3.750%). The following period rate caps will apply:

First adjustment (Month 61): The first rate adjustment occurring on month 61 cannot exceed 2% higher than the initial fixed rate.

Second Adjustment (Month 62): The second rate adjustment occurring on month 62 cannot exceed 2% higher than the rate in month 61.

The Important Terms disclosure is updated to specifically reflect the product specifics.

For both new products, the Qualifying Payment is calculated at 1-month LIBOR Index + margin, by the LOC amount, amortized over 30 years.

### Example verbiage from Important Terms Disclosure – 3 Year Fixed Rate Option with Introductory Rate

**Variable Rate Feature.** Because this plan has a variable rate feature, the ANNUAL PERCENTAGE RATE (which corresponds to the daily periodic rate) and the minimum monthly payment can change on the first day of each monthly billing period after Introductory Fixed Rate Period is over. The ANNUAL PERCENTAGE RATE does not include costs other than interest.

After Introductory Fixed Rate Period is over, the ANNUAL PERCENTAGE RATE will be based on the value of an index. The index is the One Month London Interbank Offered Rate (commonly called the "One Month LIBOR"), as listed in the "Money Rates" section of The Wall Street Journal ("The Journal" or "Journal"). We will use the most recent index value available to us as of the last business day of a given calendar month to determine the ANNUAL PERCENTAGE RATE for the billing period that starts the following month. For example, if your billing period begins on January 1, 2017, we will use the rate quoted in Journal published on the last business day in December 2016. If the designated index is no longer available, we may substitute a statistically similar third party index.

To determine the ANNUAL PERCENTAGE RATE that will apply to your account during a given billing period, we will add a margin to the value of the Index. The size of the margin may depend upon your creditworthiness and the equity in the Property that will secure your All In One Account. Your loan's margin will either be 3.250%, 3.500% or 3.750% and can never be 0.000%.

Ask us for the current Index value as well as for the margins, and ANNUAL PERCENTAGE RATES for accounts now being opened. After you open a credit line, current rate information will be provided on periodic statements that we send you.

**Effective Date:** *Immediately*

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



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