

BULLETIN #2016-41

TO: Distribution

DATE: August 31, 2016

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- USDA Fee Decrease and Timing of Submissions

USDA FEE DECREASE AND TIMING OF SUBMISSIONS

Summary: As previously announced, USDA's Upfront and Annual Fees are getting smaller. This update explains how these changes affect your GUS submissions.

On October 1, 2016, the first day of Fiscal Year 2017 (FY17), both the upfront guarantee fee and annual fee (collectively the "fee schedule") for purchase and refinance loans will decrease.

- Upfront guarantee fee from 2.75% to 1%, and the annual fee from .5% to .35%.
- **The Guaranteed Underwriting System (GUS) will be updated on August 31, 2016, to allow lenders to select and underwrite using either the FY16 or FY17 fee schedule.**
- The determination will be based on the current processing time frames in each state.

Three important facts to recall with respect to fee schedules:

1. **Prior to submitting an application, lenders should communicate with RD State Offices to determine which fee schedule should be utilized for GUS submissions through September 30, 2016.** Some RD State Offices are currently working through a backlog of FY16 guaranteed applications, and lenders in those states will need to begin processing loans using the FY17 fee schedule when it is determined that RD will be unable to issue a conditional commitment prior to the close of business on September 30, 2016.
2. The conditional commitment date of issuance (not the loan closing date) determines the fee schedule for loan requests. Conditional commitments will not be issued for loans submitted under the FY17 fee schedule until October 1, 2016.
3. A loan can only be closed under the FY17 fee schedule if the conditional commitment was received under the FY17 fee schedule prior to closing. Lenders are **not** permitted to close loans under the FY17 fee schedule for requests issued a conditional commitment under the FY16 fee schedule. If an adjustment is required, the lender, will need to request the RD office release GUS for fee correction and resubmission as discussed under "Resubmission" below.

Resubmission

- On October 1, 2016, GUS applications in a "Final Submission" status under the FY16 fee schedule that were not issued a conditional commitment by RD prior to the close of business on September 30, 2016, will be released back to the lender in GUS. Lenders must open the application in GUS and update the "Upfront Guarantee Fee / Annual Fee Option" data field, on the "Loan Terms" application page, by selecting the "FY17: 1% GuarFee + .35% AnnFee" option from the dropdown box.
- Once all GUS data has been updated the lender must perform a "Final Submission" to RD. An updated Form RD 3555-21, "Request for Single Family Housing Loan Guarantee," will not be required unless adverse changes unrelated to the fee schedule have occurred. If required, the

updated form must be executed by both the applicant(s) and the lender, and it can be executed at closing or settlement. Additional documentation may be required when the original underwriting recommendation is changed and/or the underwriting recommendation is "REFER" or "REFER WITH CAUTION." Please refer to the GUS Underwriting Findings Report for guidance.

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

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