



BULLETIN # 2019-50

TO: Distribution

DATE: September 18, 2019

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- New Program Release! Fannie Mae's MH Advantage
- USDA Fiscal Year 2020 Conditional Commitment Notice

NEW PROGRAM RELEASE! FANNIE MAE'S MH ADVANTAGE

Summary: MH Advantage is a new property type for conventional conforming loans underwritten with DU. The property is a designated manufactured homes (MH) designed with features similar to site-built homes. These homes will be eligible for financing terms more consistent with standard conventional loans. MH Advantage brings affordable financing to manufactured housing with the following flexibilities:

- A down payment as low as 3%. (Higher loan-to-value (LTV) ratios, up to 97%)
- Waived Manufactured Home LLPA, which means more homebuyer savings
- MI coverage comparable to site-built homes (Reduced MI coverage required for fixed-rate terms \leq 20 years)

Effective Date: This product option was available effective Monday, September 16th. Standard conventional product codes are to be utilized; however, there is a new "property type" that must be selected. See guidelines for details. [MH Advantage Guideline Addendum](#)

USDA FISCAL YEAR 2020 CONDITIONAL COMMITMENT NOTICE

Summary: At the beginning of each fiscal year, funding for the guaranteed loan program is not available for a short period of time –approximately two weeks. USDA anticipates this brief lapse in funding to continue for FY 2020. During the temporary lapse in funding, Rural Development will issue Conditional Commitments (Form RD 3555-18/18E) "subject to the availability of commitment authority" for purchase and refinance transactions.

For standard USDA products CMG will fund Rural Development loans for eligible applicants that are issued "subject to the availability of commitment authority". For any bond/HFA loans, HFA and master servicer must both permit the closing and purchase of USDA with "Subject to" conditional commitments. Requirements may vary and must be confirmed prior to closing.

The issued Conditional Commitment will include the following:

"Funds are not presently available for this Conditional Commitment. The Rural Housing Service's obligation under this Conditional Commitment is contingent upon the availability of an appropriation from which payment for contract purposes can be made. No legal liability on the part of the Rural Housing Service for any payment on

this Conditional Commitment may arise until funds are made available to the Rural Housing Service State Office where the application was submitted for this Conditional Commitment and until the Lender receives notice of such availability, to be confirmed in writing by that Rural Housing Service State Office. More specifically, this Conditional Commitment is subject to the Rural Housing Service receiving sufficient funds (in the Program Financial Control System for the Single Family Housing Guaranteed Loan program for the Type of Assistance and State of application submission) to fund this and all prior eligible outstanding applications in their entirety in the time and date order received in the State of application submission. When such funds become available, Rural Development will notify the lender, and the guarantee process will continue subject to all applicable Agency regulations and conditions set forth in this Conditional Commitment. Rural Development will not reserve loan funds for applications in process during this timeframe. Lenders may close the loan as scheduled. The lender will assume all risk of loss for the loan until Rural Development obligates funds and the Loan Note Guarantee is subsequently issued. When the lender requests the Loan Note Guarantee, the lender must certify to the Agency, using the process provided in this commitment, that there have been no adverse changes to the borrower's financial condition since the date the Conditional Commitment was issued by the Agency. The lender will submit the appropriate guarantee fee at the time they request the Loan Note Guarantee. The loan will be subject to an annual fee of 0.35 percent over the average scheduled unpaid principal balance of the loan. The Agency will not be able to issue the Loan Note Guarantee until these conditions are met and funding is obligated."

The application processing workflow is as follows:

- Rural Development will continue to accept complete guaranteed loan applications for purchase and refinance loan transactions from approved lenders;
- Rural Development will process, approve, and issue Conditional Commitments for those applications that are eligible "subject to the availability of commitment authority";
- Lenders may close loans as scheduled;
- When funds become available, Rural Development will utilize the Electronic Customer File (ECF) system to advance the file to "Obligate Application" for Conditional Commitments that were issued for loans subject to the availability of commitment authority;
- Once loans are obligated, Rural Development may process lender's Loan Note Guarantee requests when the loan closing is verified and all conditions of the Conditional Commitment are satisfied;
- Lenders assume all loss default risk for the loan until Rural Development is able to obligate the loan and issue the Loan Note Guarantee.

Fee Structures (no change): An upfront guarantee fee of 1.00 percent and an annual fee of .35 percent will apply to both purchase and refinance transactions for FY 2020.

Effective Date: *FY 2020 will begin October 1, 2019 and ends at the close of business September 30, 2020.*

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



© 2019 CMG Financial, All Rights Reserved. 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.cmgfi.com. To verify our complete list of state licenses, please visit www.nmlsconsumeraccess.org. For more information on State licenses, please visit <http://www.cmgfi.com/corporate/licensing>.

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