

BULLETIN # 2018-36

TO: Distribution

DATE: September 26, 2018

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Disaster Updates
- DU Updates- last weekend

DISASTER UPDATES

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 2019. FY 2019 will begin October 1, 2018 and ends at the close of business September 30, 2019.

For standard USDA products CMG will purchase 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.

Issuance of Conditional Commitments: 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.

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 obligate (reserve) funds 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

requestswwhen 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.

Please refer to the Unnumbered Letter: [Conditional Commitments Issued during the Beginning of Fiscal Year 2019](#) for more information.

Fee Amounts for FY 2019: 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 2019.

DU UPDATE-LAST WEEKEND!

Summary: The new version of the Desktop Underwriter® (DU®) Underwriting Findings (Findings) report will be an option available for DU Version 10.1 and 10.2 loan casefiles after the weekend of Sept. 22. To learn more about the Findings redesign, check out the [FAQs](#) or [release notes](#). To explore further, take the new [DU Findings interactive tour](#) or check out the [DU Findings redesign snapshot](#).

DU updates last weekend

Income validation DU currently reviews verification of income and employment reports received from vendors, such as The Work Number® from Equifax® to determine if there is active employment for the borrower. When there are no active employers on the report, DU issues one of two messages stating that DU is not able to validate the borrower’s income or employment because there was “no active employment.”

With this update, DU will continue to determine if there is active employment, but will no longer issue a separate message if DU is not able to validate the borrower’s income or employment because there was no active employment. Instead, results will be reported in the existing validation results message that provides reasons that employment has not been validated. Below are examples of the reasons that could be seen in this message after the September update.

“Employment has not been validated for the reasons provided. If income from this employment is being used to qualify the borrower, perform and document a verbal verification of employment no more than 10 business days (or 120 business day for self-employment) prior to the note date. If the borrower is in the military, obtain either a military Leave and Earnings Statement within 31 calendar days prior to the note date or a verification of employment through the Defense Manpower Data Center (<https://www.dmdc.osd.mil.appj.mla/>).
Lenders also have the option of obtaining the verbal verification of employment after the note date (and prior to delivery of the loan to Fannie Mae), but when using this option must ensure compliance with the Selling Guide.”

<i>Borrower Name</i>	<i>Vendor</i>	<i>VOE Reference #</i>	<i>Employer Name</i>	<i>Reason(s)</i>
<i>Borrower 1</i>	<i>VOE Vendor</i>	<i>B1 Reference #</i>	<i>Employer 1</i>	<i>Employer name in VOE doesn't match employer name in DU</i>
<i>Borrower 2</i>	<i>VOE Vendor</i>	<i>B2 Reference #</i>	<i>Employer 2</i>	<i>Information effective date is too old</i>
<i>Borrower 3</i>	<i>VOE Vendor</i>	<i>B3 Reference #</i>	<i>Employer 3</i>	<i>Employer Disclaimer indicates borrower may no longer be employed or wages not being received</i>
<i>Borrower 4</i>	<i>VOE Vendor</i>	<i>B4 Reference #</i>	<i>Employer 4</i>	<i>Employment status not active</i>

Effective Date: Immediately

Link: https://www.fanniemae.com/content/release_notes/du-do-release-notes-09222018.pdf

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



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