



TO: Distribution

DATE: October 9, 2019

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

## CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Reminder- TRID Waiting Periods
- Experian Credit Boost
- USDA Student Loans
- VA Issues Va Circular 26-19-25-All Users Must Transition to LGY Hub
- All In One (AIO) Loan Training

### Reminder: TRID WAITING PERIODS

**Summary:** There are 3 waiting periods in the TRID Rule:

- > 7 days: LE must be delivered at least 7 days prior to closing
- > 4 days: Last revised LE must be received at least 4 days prior to closing
- > 3 days: Initial CD must be received at least 3 days prior to closing

Waiving any of these waiting periods requires the borrower to have a "bona fide personal financial emergency."

The only example provided by the CFPB for a personal financial emergency is imminent foreclosure. Due to this very limited clarity, waivers will be extremely rare.

### **The following examples are NOT considered personal financial emergencies:**

- Loss of earnest money
- Loss of moving costs
- Expiration of purchase contract
- Time off from work for closing/moving
- Funds from refinance needed for a separate purchase transaction
- Lender personall forgetting to request the CD
- Lender personall not following procedure

**Effective Date:** *N/A this is a reminder*

### EXPERIAN CREDIT BOOST

**Summary:** Experian Boost is a service Experian offers that allows borrowers to optionally pull utility and/or telecom bills to their credit report in order to improve their FICO Score (FICO 8).

**DU/Fannie Mae:** Lenders may utilize the Boost credit reports in DU but DU will only underwrite casefiles using traditional credit scores as defined in the Guide, so FICO 8 will be ignored. Lenders are required to request the three scores that DU supports. The additional trade lines (utility and/or telecom bills) will likely be pulled into DU and lenders should omit them from liabilities or there could be impact to delivery edits and DTI.

Freddie Mac, Fannie Mae and CMG require the following versions of the classic FICO score:

- Equifax Beacon® 5.0;
- Experian®/Fair Isaac Risk Model V2SM; and
- TransUnion FICO® Risk Score, Classic 04.

**Internal - Credit Plus:** The scoring models used for the mortgage industry are not compatible with Experian Boost. Although a consumer can go to the Experian website and sign up for Boost and the trades show up on their credit file, the scores on the reports are not impacted because of incompatibility.

**Impact/Action to Take:** CMG, agency & non agency investors all require standard mortgage reports and scoring. Any systems that import utility bills or other non traditional tradelines should be manually reviewed – standard liability analysis per guidelines will generally not require these additional debts to be included in DTI.

**Effective Date:** *n/a, this is an update to provide information to correctly apply current requirements*

## USDA STUDENT LOANS

**Summary:** Effective September 23, the below updated guidance, regarding the required student loan payment requirement, is implemented for USDA transactions. This change pertains to the required payment to be utilized for Non-Fixed student loan repayment plans.

- **Student loans.** Lenders must include the payment as follows:
  - **Fixed payment loans:** A permanent amortized, fixed payment may be used in the debt ratio when the lender retains documentation to verify the payment is fixed, the interest rate is fixed, and the repayment term is fixed.
  - **Non-Fixed payment loans:** Payments for deferred loans, Income Based Repayment (IBR), Graduated, Adjustable, and other types of repayment agreements which are not fixed cannot be used in the total debt ratio calculation. The higher of one half percent (.50%) of the loan balance or the actual payment reflected on the credit report must be used as the monthly payment in the underwriter decision. No additional documentation is required. (previously 1%)

**Effective Date:** *Immediately*

## VA ISSUES VA CIRCULAR 26-19-25- ALL USERS MUST TRANSITION TO LGY HUB

**Summary:** VA is transitioning from VIP to the LGY Hub portal. LGY Hub offers Veterans and other stakeholders an enhanced two factor authentication service through AccessVA. AccessVA will centralize, strengthen, and provide greater flexibility to the login process for many VA applications. Users who use LGY Hub with AccessVA, will also be able to use other VA applications.

All existing VIP users are encouraged to register for an LGY Hub account.

Registration instructions for existing users (External Users)

- Existing User (Has existing VIP account): See [User Guide](#) Section 1.13, page 23 for registration instructions.
- After access is granted, LGY applications will be available through the LGY Hub.

**Effective Date:** A period of approximately 2 months will be given for existing VIP users to register in the LGY Hub. VIP access will be removed at the end of December 2019.

New user registration for VIP ended on September 22, 2019. Any new users who would like to utilize LGY Applications will have to do so through the LGY Hub.

### Links:

- Circular: [https://www.benefits.va.gov/homeloans/documents/circulars/26\\_19\\_25.pdf](https://www.benefits.va.gov/homeloans/documents/circulars/26_19_25.pdf)
- The LGY Hub User Guide can be found at [this link](#). Please reference the user guide when registering for the LGY Hub.

## ALL IN ONE (AIO) LOAN TRAINING

## All In One (AIO) Loan Training



No other product provides Mortgage Professionals with the variety of opportunities the All In One Loan does. Learn why by attending any of the following webinars. **Click on the title of the webinar to register.**

**[AIO Simulator Training for Loan Officers \(Every Monday\):](#)**

**During this webinar you will learn how to easily demonstrate the math and financial advantages the AIO provides compared to traditional loans using the Interactive Simulator.**

**[AIO Lunch and Learn: Webinar for Clients and Referral Partners \(Wednesdays and Fridays\):](#)**

**Invite your clients and referral partners to learn how the All In One Loan helps eliminate mortgage and interest expense more rapidly while keeping equity dollars liquid, resulting in significant opportunities for borrowers to invest and save more aggressively. This program benefits everyone involved.**

**[AIO Product Basics for Loan Officers \(Tuesdays\):](#)**

**During this webinar you will quickly learn how the All In One Loan program works, what features it includes, who it's right for and how to leverage the many resources available in your marketing efforts. Upon completing the basic training, you will have the opportunity to set up a 1-1 coaching call with Dave Herbst, VP, AIO Finance as well as in-market seminar support.**

*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.cmqi.com](http://www.cmqi.com). To verify our complete list of state licenses, please visit [www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org). For more information on State licenses, please visit <http://www.cmqi.com/corporate/licensing>.

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

null, null null