



TO: Distribution

DATE: November 13, 2019

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

### CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- VA Cashout Seasoning Explanation
- FHA & Leased Solar Panels

#### VA CASHOUT SEASONING EXPLANATION/REMINDER

**Summary:** As a reminder, GNMA & VA refinance seasoning requirement requires that the note date of the refinance loan must be on or after the later of:

- a) the date that is 210 days after the later of the date on which the first monthly payment was made (VA) or the date on which the first payment was due (GNMA) on the mortgage being refinanced, and
- b) the date on which 6 full monthly payments have been made on the mortgage being refinanced.

Until GNMA and VA guidance align, the most conservative calculation is required. This is for VA Cashout Transactions only; Ginnie Mae and VA both align on IRRRLs in regards to using the payment due date.

**Effective Date:** *n/a, reminder*

#### FHA & LEASED SOLAR PANELS

**Summary:** Based on a HUD Policy Interpretation, an obligation for a home energy system need not be included as a debt in the borrower's qualifying ratios. Excluded is any obligation paid to a utility entity (e.g., electric company), or for a leased energy system (e.g., solar lease), or power purchase agreement (PPA).

Note: At this time, this guidance is located only in FHA FAQ and not in the FHA handbook.

The Solar Lease Checklist will be updated to align with and reflect this HUD Policy Interpretation.

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