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TO: Distribution

DATE: December 16, 2020

RE: CMG Financial Correspondent Lending  
Updates 2020-83

EFFECTIVE: As noted below

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### CMG FINANCIAL CORRESPONDENT LENDING UPDATES

#### Topics Covered in this Announcement:

- 2021 Loan Limits
- USDA- FY Funding and Conditional Commitment Notice
- Disaster Updates

#### 2021 LOAN LIMITS

##### Update:

Premier Jumbo 6200 Series -CMG has announced a revision to the minimum loan amount from \$510,401 to \$548,250 for 1-unit properties. The minimum loan amount for properties with 2-4 units is \$1 over the new conforming loan amount set by FHFA.

***Effective date for new minimum loan amounts will be for locks on or after 1/01/2021.***

Expanded Jumbo 6600 Series -This series does not permit "high balance" loans and the minimum loan amount is \$1 over the current conforming/high balance limit set by the FHFA.

***Effective date for new minimum loan amounts aligning with the updated FHFA limits will be for locks on or after 1/01/2021.***

##### Continued Reminders:

Previously, the impact of 2021 loan limit changes were outline in [CMG Bulletin 2020-82](#)

- FHA loans are NOT eligible for the higher county limits prior to January 1 as these new loan limits are effective for case numbers assigned on or after January 1, 2021, through December 31, 2021.
- At this time, VA has not yet issued a Circular confirming the effective date of the impact to VA loans.

Please review [CMG Bulletin 2020-82](#) for a summary and additional details including:

- Impact to DU and LPA (conventional conforming)
- Details of the impact of the loan limit changes to FHA, VA and USDA financing
- Understanding the impact to government loans for standard pricing vs high balance pricing (this is different than the effective dates of any loan limit changes)

#### USDA FY 2021 FUNDING AND CONDITIONAL COMMITMENT NOTICE

Fiscal Year (FY) 2021 funding for Rural Development's Single-Family Housing Guaranteed Loan Program is authorized by the "Continuing Appropriations Act, 2021 and Other Extensions Act, ([P.L. 116-159, H.R. 8337](#)). This provided continuing FY 2021 appropriations through December 11, 2020. **USDA has announced that there currently is a temporary lapse in commitment authority. The agency will continue to issue Conditional Commitments, business as usual, in the process described below.**

#### CMG & "Subject to" Conditional Commitments

- For the standard USDA program, CMG will purchase loans during this time period with the conditional commitment "subject to the availability of commitment authority".
- For HFA/bond programs, the loans must be eligible for purchase by the master servicer at time of closing and master servicer requirements may vary.

#### There is no change to the FY 2021 Fee Structures:

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 2021.

**Issuance of Conditional Commitments:** During a temporary lapse in funding, Rural Development-Rural Housing Service (RHS) will issue Conditional Commitments (Form RD 3555-18/18E) "subject to the availability of commitment authority". The issued Conditional Commitment will include the following:

"Funds are not presently available for this Conditional Commitment. The Rural Development-Rural Housing Service (RHS) 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 RHS for any payment on this Conditional Commitment may arise until funds are made available to RHS for this Conditional Commitment and until the Lender receives notice of such availability, to be confirmed in writing by RHS. More specifically, this Conditional Commitment is subject to RHS receiving sufficient funds (in the Program Funds 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. When such funds become available, RHS will notify the lender, and the guarantee process will continue subject to all applicable Agency regulations and conditions set forth in this Conditional Commitment. RHS 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 RHS 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;

- Once funds are received and loans are obligated, Rural Development may process lender's Loan Note Guarantee requests once 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.

**Link to Notice:** <https://content.govdelivery.com/accounts/USDARD/bulletins/29bc9fa>

#### DISASTER UPDATE

**Summary:** FEMA has issued a disaster declaration for Hurricane Zeta and the impact to Alabama.

**Alabama Hurricane Zeta (DR-4573-AL)** <https://www.fema.gov/disaster/4573>

**Incident Period: October 28, 2020 - October 29, 2020 Declaration Date: December 10, 2020**

CMG's disaster policy applies to the following 7 Alabama counties: **Clarke, Dallas, Marengo, Mobile, Perry, Washington, Wilcox.**

**Link:** [President Donald J. Trump Approves Major Disaster Declaration for Alabama](#)

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



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