

BULLETIN #2017-65

TO: Distribution

DATE: December 20, 2017

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- [Disaster Updates- California Fires](#)
- [Texas Home Equity Changes- Additional Update and Clarification](#)
- [2018 VA Loan Limits Circular Issued](#)
- [Non Agency Loan Limits](#)

DISASTER UPDATES-CALIFORNIA FIRES

Summary: At this time, FEMA has not issued a Major Disaster Declaration for the Southern California fires. CMG is lifting the suspension for Ventura and Los Angeles counties; however, if an appraisal was completed prior to the fire a re-inspection must be obtained unless documentation (maps) clearly supports that the subject property is not in the vicinity of the fire. Purchasing loans in the vicinity of a fire are suspended until the fire is 100% contained. Only after the fire is 100% contained can a re-inspection be obtained.

Fire containment status and maps are available on the incidents page maintained on the CalFire website: http://www.fire.ca.gov/current_incidents

For fires not currently contained there are detailed maps available – samples for the Thomas fire:

- <https://www.google.com/maps/d/viewer?mid=1CePU2TdEh86nmBDBfPOAXf8Hp7NlpVpA&ll=34.28932874392298%2C-1>
- <https://www.google.com/maps/d/viewer?mid=1ASoCEnK1yHal2Of55E92EXF69JdFdIp-&ll=34.39186820334333%2C-11>

Please note Series specific disaster policies must be adhered to for non agency loans. These disaster policies are noted in the applicable guidelines. CMG Jumbo Series 6200, 6600, 6700, 7200, 7600 require that properties in zip codes under public or individual assistance for a disaster declaration (with major declaration or emergency declaration) are subject to the disaster policy noted in the guidelines.

Action to Take: All transactions in the following counties require additional consideration: Los Angeles, Riverside, San Diego, Santa Barbara, and Ventura.

Reference: <https://www.fema.gov/disaster/3396>

TEXAS HOME EQUITY CHANGES-ADDITIONAL UPDATES AND CLARIFICATIONS

Summary: On November 7, 2017, Texas voters approved Proposition 2, the amendment relating to the home equity provisions of the Constitution, Article XVI, Section 50(a)(6). The amendment changed a number of provisions regarding Texas 50(a)(6) loans.

CMG UPDATE – REFINANCING SEASONED HOME EQUITY LOAN INTO A NON-HOME EQUITY LOAN

One of the changes is permitting, under certain conditions, a home equity loan to be refinanced as a non-

home equity loan. Currently, a home equity loan subject to Section 50(a)(6) only may be refinanced into either a new home equity loan or a reverse mortgage. If a home equity loan is refinanced into any other type of loan then the lien would be void against the subject homestead property. The Texas Finance Commission and Credit Union Commission (the "Joint Agencies") have proposed interpretation amendments (the "Proposed Regulations") to the home equity lending regulations contained in the Texas Administrative Code ("TAC") in order to implement SJR 60.

- **The effective date of SJR 60 is January 1, 2018 and the effective date of the final version of the Proposed Regulations is anticipated to be late March 2018.**
- Due to risks associated with the final version still pending, many investors are not yet allowing the provision for a home equity loan to be refinanced as a non-home equity loan.
- At this time, CMG will not purchase transactions where a home equity loan is refinanced as a non-home equity loan. This will be reconsidered upon the final version of the proposed regulations that are anticipated to be in late March 2018.

OTHER CHANGES

Other changes, including the changes to the fee cap and amending the 12-day notice disclosure for home equity refinances are to be adhered to for all Texas Home Equity loans. As a reminder, because Texas is implementing new requirements for Texas 50(a)(6) loans effective January 1, 2018, including a revised form of 12-day notice, these loans are not eligible to be closed during the first 12 days of 2018.

Action to Take:

If the loan is closed in late December, CMG can still purchase the loan in early January. For any loans closing in January the new 12-day notice and applicable waiting period must be adhered to.

2018 VA LOAN LIMITS CIRCULAR ISSUED

VA has updated the link on their website to reference 2018 loan limits and has issued a Circular on the loan limit changes:

https://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp
https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_17_41.pdf

As a reminder, VA does not set a cap on how much the Veteran can borrow to finance a home. However, there are limits on the amount of liability VA can assume, which usually affects the maximum loan amount and/or the required down payment. The loan limits are the amount a qualified Veteran with full entitlement may be able to borrow without making a down payment. These loan limits vary by county, since the value of a house depends in part on its location. All transactions require 25% guaranty/equity meeting secondary market requirements.

VA county loan limit:

- VA's 2018 Loan Limits are the same as the Federal Housing Finance Agency's limits -[2018 Loan Limits \(Effective January 1, 2018\)](#). For purposes of determining the VA guaranty, lenders are instructed to reference only the One-Unit Limit column in the FHFA Table.

Link to Circular: https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_17_41.pdf

Effective Date: *January 1, 2018*

NON AGENCY LOAN LIMITS

The Federal Housing Finance Agency (FHFA) recently announced an increase to maximum conforming loan limits for Fannie Mae and Freddie Mac in 2018. As a result, a number of Non-Agency minimum loan amounts are impacted. Refer to the minimum loan amount changes and lock deadlines as noted below: **Jumbo Series 6200, 6600, 6700, 7200, & 7600:** All unlocked loans must be locked on or before December 31 st to utilize 2017 loan limits. Effective 1/2/18, 2018 loan limits will be applied.

- **6200 Series:** Update minimum loan amount from \$424,101 to \$453,101 for 1-unit properties with LTVs 80% or below.
- **7200 Non-QM Series:** Update minimum loan amount from \$300,000 to \$453,101 for 1-unit properties and \$1 over conforming limits for properties with 2-4 units.
- **6600, 6700 Series and 7600 Non-QM Series:** The minimum loan amount referenced in these guides is \$1 over the current conforming/agency high balance limit set by FHFA. No update is necessary for these guides since a specific loan amount is not referenced.

Effective Date: *January 2, 2018*

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

3160 Crow Canyon Road, Suite 400, San Ramon, CA. 94583 | 800.501.2001 | NMLS #1820 | www.cmgfi.com

© 2017 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; Loans made or arranged pursuant to a California Finance Lenders Law license 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>.

