
TO: Distribution

DATE: February 10, 2021

RE: CMG Financial Correspondent Lending
Updates 2021-06

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Freddie Updates-Multiple Topics
- Reminder- VA Cash-out Seasoning Reminder

FREDDIE UPDATES- MULTIPLE TOPICS

Summary: Freddie Mac has announced updates to the below topics with effective dates as noted.

Power of attorney (POA)

- Updates related to POA eligibility and documentation. In [Bulletin 2020-47](#), Freddie Mac updated [Guide Section 6301.4](#), Power of attorney, to provide Sellers with more flexibility when using powers of attorney (POAs). Due to client requests for more detail, we are revising those updates as follows:
- Expressly stating that events that justify the use of a POA include other hardships that prevent the Borrower from executing documents
- Adding specificity by clarifying that information about the hardship retained in the Mortgage file can include a written narrative describing why the Borrower was unable to execute documents in person or using an alternate method (e.g., remote online notarization)
- Extending the mandatory implementation date to Mortgages with Application Received Dates on or after March 31, 2021, lenders may implement sooner if possible.
- Key items noted below:
 - A POA may only be used when:
 - There is an event such as a medical emergency, natural disaster or other hardship preventing the Borrower from executing the requisite documents in person, by electronic signature or through other alternative electronic means, or
 - Applicable law requires the Seller to accept use of a POA
 - A POA may not be used merely for the convenience of the parties. A notation description or other information about the reason why a POA was used must be included in the Mortgage file whenever a POA is used. If the acceptance of a POA is required by law, the Seller must include a written statement that explains the circumstances in the Mortgage file and deliver a copy of the statement to the Document Custodian with the POA.
 - The person acting as attorney-in-fact must:
 - Have a familial or fiduciary relationship with the Borrower;
 - Be an individual employed by the title insurer underwriting the title insurance product insuring the Mortgage; or

- Be an individual employed or engaged contractually by the title agency issuing the title insurance product for the Mortgage and closing the transaction, but only if the title insurer has issued a closing protection letter relating to the transaction (or has similar contractual indemnity to the Seller and assignees of the Seller) for such policy issuing agent
- Neither the seller of the property in a purchase transaction nor an employee of the originating lender is eligible to be an attorney-in-fact under a POA.
- A POA may be used to execute any of the Initial Loan Documents and Closing Documents in connection with any Mortgage type. The Borrower may execute the POA using an electronic signature. The POA must be executed by the Borrower prior to its use by an attorney-in-fact.
- **After the finalized Closing Disclosure has been delivered to the Borrower but prior to closing, an employee of the originating lender must explain and discuss the terms of the Mortgage and use of the POA with the Borrower to confirm that the Borrower understands them.** This discussion must take place in person, telephonically or using a video conference system and must be memorialized in an acknowledgment by the Borrower of his or her understanding of the terms of the Mortgage. The acknowledgment (i) may be in writing or in a recording of the telephonic or video discussion, (ii) must be retained in the Mortgage file, and (iii) must be made available to Freddie Mac upon request. If the discussion is done using a telephonic or video system, a transcript of the recording or the Borrower's written acknowledgment of the content of the discussion may substitute for a copy of the recording itself in the Mortgage file. **(Note: At this time, CMG systems do not accommodate recordings so a written acknowledgment is required.)**
- **The POA must be notarized; however, it may be remotely notarized where permitted by applicable law. The Mortgage must be covered by a title insurance product in accordance with [Section 4702.1](#).**
- Asset eligibility and documentation requirements – June 3, 2021
 - Updated requirements for direct account verifications (i.e., verification of deposit form)
 - For direct account verifications, we required additional documentation of the source of funds when the current balance in an account was significantly greater than the average balance. To align with our guidance for single deposits requiring verification, additional documentation is now required only for purchase transactions and when the current balance in an account exceeds the average balance by more than 50% of the sum of the total monthly qualifying income and the amount derived from the asset calculation for establishing the debt payment-to-income ratio described in Section 5307.1.
 - As an example, if the current balance reflected on the Borrower's verification of deposit form is \$15,000 and the average balance is \$12,000, the source of the \$3,000 increase must be verified if the Borrower's total monthly qualifying income is less than \$6,000.
 - Effective June 3, 2021; however, lenders are encouraged to implement the updates as soon as possible
 - Updated requirements for third-party asset verifications
 - We previously required third-party electronic asset verifications to identify the account with a minimum of the last four digits of the account number. We have revised this requirement to allow the asset account to be identified with a minimum of the last two digits of the account number.
 - Automated asset assessment with Loan Product Advisor, part of asset and income modeler (AIM), will be updated at a later date, which will be communicated when available.
 - Translation aids for redesigned Form 65
 - Translation aids for the redesigned Form 65 and its components are now available in Tagalog, Vietnamese, Korean and Chinese, along with Spanish translation aids previously announced. These translation aids can be found on the [Multi-language Resources for Lenders and Other Housing Professionals web page](#). As a reminder, all Form 65 translation aids complement the English-language documents but are for consumer reference only and are not to be executed.

Link: [Freddie Mac Bulletin 2021-04](#)

REMINDER- VA CASHOUT SEASONING REQUIREMENTS

Summary: 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

a. the date on which the first monthly payment was due on "initial" loan made, or

b. the date on which the first payment was made on the mortgage being refinanced or,
and

b) the date on which 6 full monthly payments have been made on the mortgage being refinanced.

Notes: All VA Type 1 & Type 2 refinances must meet the seasoning requirement as VA doesn't specify rate/term eligibility. This includes refinancing a conventional loan. Seasoning requirements for FHA Streamlines are based on case number assignment date vs loan closing date).

Link:

[Ginnie Mae Seasoning Refinance Transactions](#)

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



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

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