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TO: Distribution

DATE: February 23, 2021

RE: CMG Financial Correspondent Lending  
Updates 2021-11

EFFECTIVE: As noted below

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#### CMG FINANCIAL CORRESPONDENT LENDING UPDATES

##### Topics Covered in this Announcement:

- Temporary Disaster Area Guidance for FEMA DR-4586-TX

##### TEMPORARY DISASTER AREA GUIDANCE FOR FEMA dr-4586-TX

As previously announced, FEMA issued a disaster declaration in Texas for the severe winter storms with 77 counties listed for individual assistance. In addition, with [DR-4586-TX-Amendment-001](#), an additional 31 counties were added for individual assistance. CMG's Disaster Policy is in effect for these counties.

**Texas Severe Winter Storms (DR-4586-TX)** <https://www.fema.gov/disaster/4586>

Incident Period: February 11, 2021 and continuing.  
Declaration Date: February 19, 2021

As outlined in CMG's [CMG's Disaster Area Policy](#), it is crucial to protect the interests of borrowers and investors by verifying the safety and soundness of potentially impacted properties. When a property is located in a Disaster Area, it must be verified that the structure is sound and not negatively impacted by the Disaster. This must be verified prior to CMG purchasing the loan.

##### Temporary Flexibility:

Due to the unique nature and scope of the recent FEMA declaration for the Texas Severe Winter Storms that placed many counties in an individual assistance category, CMG is providing flexibility to the standard Disaster Area Policy. The Policy will not be updated to include these temporary requirements; Sellers must retain a copy of this announcement to ensure compliance with these requirements. See chart below for details.

##### Seller Responsibility:

In all cases, the Seller represents and warrants that the property securing the mortgage loan is free of damage on the purchase date. In addition, any adverse event must be evaluated in terms of its effect on the subject's habitability, marketability and value.

Sellers are responsible for determining potential impact to a property located in an area where a disaster is occurring or has occurred.

Transaction Type	Requirement (temporary flexibility)
FHA Purchase & Refinance	Loans in impacted counties will be eligible for purchase once the appropriate FHA required inspection and MIC are obtained. For Streamline refinances, at a minimum, a borrower certification that there is no damage is required.
VA Purchase and Regular Refinance	<p>If the property was appraised on or before the date of the declared disaster and not closed prior to that date, the Lender Certification and Veteran Certification along with any supporting due diligence documentation must be provided in the loan file.</p> <hr/> <p><b>(1) Lender Certification</b>            This is to affirm that the property which is security for VA loan number _____ has been inspected to ensure that it was either not damaged in the recently declared disaster or has been restored to its pre-disaster condition or better.</p> <p>_____            (Lender Signature)                      (Lender Title)                      (Date)</p> <p><b>(2) Veteran Certification</b>            I have inspected the property located at _____ and find its condition now to be acceptable to me. I understand that I will not be charged for any disaster-related expenses and now wish to close the loan.</p> <p>_____            (Veteran Signature)                      (Date)</p> <p><b>(3) VA Loan Summary Sheet (VA Form 26-0286).</b> The Remarks section of this form must be annotated "Lender and Veteran Disaster Certifications Enclosed." Additionally, if local law requires the property to be inspected and approved by the local building inspection authority, a copy of the appropriate local report(s) must be provided. Neither VA nor the veteran purchaser shall bear the expense of any disaster-related inspection or repairs.</p>

VA IRRRL w/o appraisal	VA IRRRLs require a Veteran statement indicating the property has not been impacted by the disaster. <i>(standard requirement)</i>
Conventional Conforming / USDA	<p>Loans with <i>Seller Certification*</i> meeting requirements outlined are eligible for purchase.</p> <p>Note: This includes AUS appraisal waivers offers subject to a satisfactory due diligence by the seller and supporting documentation with ability to represent and warrant the value and marketability of the subject property have not been adversely impacted.</p>
Non-Agency / Jumbo	Standard DAIR inspection required prior to purchase unless otherwise specified for a loan program. <u>(no exceptions at this time)</u>

**\*Seller Certification Requirements**

A Seller Certification is permitted when the following requirements are met:

- Must be executed by an employee of the Seller who will not receive direct compensation from the subject transaction
- Seller may determine their own form however the certification must meet the following requirements:
  - Must state that an acceptable inspection of the property was completed and/or certifications meeting Seller's due diligence requirements for Seller's internal disaster policy
  - Must indicate either the Seller's or CMG's loan number
  - Must be on Seller letterhead or a certification of property condition form

- Must indicate subject property complete street address, including city, state and zip code
- Must include the appropriate following language or a reasonable facsimile based on the due diligence the Seller has performed:
  - Inspections: "This is to confirm that the above referenced property has been inspected on XX/XX/XXXX (date of inspection to be included) and it is determined that it was either not damaged in the recent disaster or has been restored to its pre-disaster condition or better."
  - Certifications: "This is to confirm that impact from the recent severe winter storms has been acceptably assessed and all parties have agreed to proceed with closing the transaction. It is determined that the property was either not damaged in the recent disaster or has been restored to its pre-disaster condition or better."
- Printed Name and Signature of Seller's Representative, Title and Date.

Note: There is no change that the Seller represents and warrants that the property securing the mortgage loan is free of damage on the purchase date. Supporting documentation, the Seller relied upon to certify property condition and marketability must be included in the loan file.

**Inspection/Certification documentation**

The inspection document / certifications provided must address the specific disaster and indicate any apparent damage to subject property. Inspection reports may not be used to estimate or recertify value. The Seller will exercise prudent judgment in determining eligible documentation. There are no exceptions to FHA and VA mandatory requirements required for loan insurance/guaranty.

Note for all transactions: If the re-inspection notes that the property is uninhabitable, unsound, or that the property condition has been affected by the disaster:

- All identified damages and associated repairs must be resolved and meet applicable investor guidelines (Fannie Mae, Freddie Mac, FHA, VA, and USDA) and,
- The property must habitable, sound, and the property value must be supported

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



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