



TO: Distribution

DATE: March 18, 2020

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- FHA Response
- VA-Special Relief for Those Potentially Impacted by COVID-19
- USDA- Single Family Housing Guaranteed Loan Program Continuity of Operations
- Appraisal Waivers- Conventional Conforming
- Title Coverage-Gap Insurance
- Servicing- Borrowers Need to Contact Their Servicer
- MBA Industry Resources

FHA RESPONSE

FHA is prepared to operate remotely to ensure their business operations continue with as little disruption as possible in the event of office closures. Insurance endorsements for mortgages continues; however, there may be processing delays if staff is working remotely.

- CAIVRS – In the case of office closures, CAIVRS will be available to determine if a borrower has a delinquent federal debt.
- The FHA TOTAL Scorecard will continue be available (DU/LPA for FHA).
- The FHA Roster Appraiser must complete all required appraisals in accordance with acceptable Appraisal Reporting Forms and Protocols. Appraisers should stay informed of CDC Coronavirus updates, and incorporate prudent measures in their business practice regarding personal contact with the borrower and/or occupants. FHA is closely monitoring the situation and will provide updated guidance, as needed.

Links: https://www.hud.gov/sites/dfiles/SFH/documents/SFH_COVID_19_QA_03_13_20.pdf

VA- SPECIAL RELIEF FOR THOSE POTENTIALLY IMPACTED BY COVID-19

VA issued a circular 26-20-7 addressing those potentially impacted by COVID-19 and provides instructions to:

- Veteran borrowers in regards to working with mortgage professional,
- Servicers.
- and direction to appraisers

VA is continuing with normal program operations and information will be shared as updates are made available

regarding the VA Home Loan program.

Links: [Circular 26-20-7](#)

USDA- SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM CONTINUITY OF OPERATIONS

From USDA March 17, 2020: We are monitoring the effects that COVID-19 (Coronavirus) is having on the mortgage community. On behalf of the Office of the Single-Family Housing Guaranteed Loan Program (SFHGLP), we'd like to provide an update on how we are adapting to manage this situation

- All SFHGLP agency operations and functions will continue business as usual. The agency continues to issue conditional commitments and loan note guarantees via its new integrated virtual platform. Please note that given this virtual model, the program's activities are not affected by the operating status of local USDA offices.
- Turnaround time frames will continue to be posted on the [SFHGLP Lending Partner Webpage](#). As we adapt, there may be intermittent delays which will be promptly communicated on the webpage.
- Originators are reminded that they must obtain a conditional commitment (Form RD 3555-18 "Conditional Commitment for Single Family Housing Loan Guarantee") prior to closing an SFHGLP loan. Failing to obtain a conditional commitment prior to closing a loan may result in not receiving a loan note guarantee for such loan.
- Lender re-certification activities will continue as planned. Lenders that are up for re-certification should expect to receive correspondence from our office prior to the expiration of their approved lender status in order to avoid interruption.

Questions regarding program policy and this announcement may be directed to the Policy and Program Management Division at sfhgld.program@usda.gov or (202) 720-1452.

Lenders with file-specific questions should contact one of our production teams based on the coverage areas (shown below).

For example, if you had a question regarding a guaranteed loan application in Nebraska, you would email SFHGLPTWO@usda.gov to contact Team Two.

In your email:

1. Identify the state the application property is located;
2. Provide applicant's name, if applicable;
3. Include contact information (email, phone); and
4. Indicate if you want a call back – otherwise an email response will be sent.



APPRAISALS:

Appraisal Waivers- Conventional Conforming

Both Fannie Mae (DU) and Freddie Mac (LPA) systems may provide opportunities for an appraisal waiver on a specific transaction. Both agencies have identified basic criteria that outline when an opportunity may exist as long as the transaction is not an eligible transactions. The AUS findings will indicate if the transaction is eligible for a waiver.

FHA Q & A Specific to Appraisals

Is FHA continuing to require Appraisals with Property inspections for Single Family Programs?

Answer: Yes. The FHA Roster Appraiser must complete all required appraisals in accordance with acceptable Appraisal Reporting Forms and Protocols. Appraisers should stay informed of CDC Coronavirus updates, and incorporate prudent measures in their business practice regarding personal contact with the borrower and/or occupants. FHA is closely monitoring the situation and will provide updated guidance, as needed.

VA Guidance to Appraisers (Circular 26-20-7)

VA Guidance to Appraisers (Circular 26-20-7)

Appraisers should continue to conduct business as outlined in Chapter 10 of the M26-7, Lender's Handbook, https://www.benefits.va.gov/WARMS/pam26_7.asp. If you have an appointment scheduled and answer "yes" to any of the following questions, please contact the RLC of jurisdiction or the point of contact for the scheduled appointment to determine whether the appointment needs to be rescheduled or whether the assignment should be reassigned.

- a. Are you having flu-like symptoms, such as fever, cough, or shortness of breath?
- b. In the last 14 days, have you traveled to a high-risk area for transmission of COVID-19?
- c. Have you been in close contact with someone confirmed to have COVID-19 or who is being evaluated for COVID-19?

The Centers for Disease Control and Prevention has advised the best way to prevent illness is to take preventative measures. When onsite, appraisers are encouraged to observe the following measures to help prevent the spread of respiratory diseases including the novel COVID-19:

- a. Before and after exiting the home, use an alcohol-based hand sanitizer with at least 60 percent alcohol.
- b. Avoid close contact with individuals who may be present in the home which includes no handshakes or fist bumps.
- c. Avoid touching your eyes, nose, and mouth.
- d. Cover your cough or sneeze with a tissue, then throw the tissue in the trash and immediately clean your hands with a hand sanitizer that contains at least 60 percent alcohol.

Please contact the RLC of jurisdiction if you have been impacted by COVID-19 and are unable to complete your appraisal assignments. The email addresses for each of the RLCs are available at:

https://www.benefits.va.gov/HOMELOANS/contact_ric_info.asp

TITLE COVERAGE- GAP INSURANCE

Gap Coverage: When referencing a title policy, gap coverage is when the insurance covers between disbursement and recording. It is not acceptable for title to take an exception to this gap coverage or not provide gap coverage.

Here's what Fannie says :

Effective Date of Coverage

The effective date of the title insurance coverage written on forms that do not provide the gap coverage included in the 2006 ALTA policies may be no earlier than the later of the date of the final disbursement of loan proceeds or the date the mortgage was recorded.

Because the 2006 ALTA forms provide protection for the time between loan closing and recordation of the mortgage, policies written on those forms may be effective as of loan closing.

Link: [Fannie Mae Selling Guide B7-2 Title Insurance](#)

SERVICING- BORROWERS NEED TO CONTACT THEIR SERVICER

FHA – (from FAQ) - Borrowers need to contact their servicer.

Are there special loss mitigation program options available to borrowers who may be negatively impacted by the Coronavirus?

A11. As with any other event that negatively impacts a borrower's ability to pay their monthly mortgage payment, FHA's suite of loss mitigation options provides solutions that mortgagees should offer to distressed borrowers – including those that could be impacted by the Coronavirus – to help prevent them from going into foreclosure. An example of one of these options is our Special Forbearance for unemployed borrowers. The SFB-Unemployment Option is a Home Retention Option available when one or more of the Borrowers has become unemployed and this loss of employment has negatively affected the Borrower's ability to continue to make their monthly Mortgage Payment. These home retention options are located in FHA's Single Family Housing Policy Handbook 4000.1 (SF Handbook) Section III.A.2. See FHA INFO 20-18 for more details. FHA is closely monitoring the situation and will provide updated guidance, as needed.

Is HUD suspending credit reporting for FHA-Insured mortgages?

A16. FHA requires servicers to comply with the credit reporting requirements of the Fair Credit Reporting Act (FCRA); however, FHA encourages servicers to consider the impacts of COVID-19 on borrowers' financial situations and any flexibilities a servicer may have under the FCRA when taking negative credit reporting actions.

VA – (from Circular 26-20-7) – Borrowers need to contact their servicer.

Servicers & Forbearance Request. VA encourages holders of guaranteed loans to extend forbearance to borrowers in distress as a result of COVID-19. We understand the impact may be temporary, but it is still a hardship. Servicers should work with impacted borrowers who are unable to make their mortgage payments to ensure they are evaluated for VA Loss Mitigation options outlined in Chapter 5 of the VA Servicer Handbook M26-4, https://www.benefits.va.gov/WARMS/M26_4.asp.

VA encourages the proper use of authorities granted in VA regulations to provide assistance in appropriate cases. For example, Title 38, Code of Federal Regulations (CFR), section 36.4311 allows the reapplication of prepayments to cure or prevent a default. Also, 38 CFR 36.4315 allows the terms of any guaranteed loan to be modified without the prior approval of VA, provided conditions in the regulation are satisfied.

Late Charge Waivers. VA believes that many servicers plan to waive late charges on affected loans and encourages all servicers to adopt such a policy for any loans that may have been affected.

Credit and VA Reporting. In order to avoid damaging credit records of Veteran borrowers, servicers are encouraged to suspend credit bureau reporting on affected loans. Please contact the appropriate Regional Loan Center (RLC) with any questions.

MBA INDUSTRY RESOURCES

MBA Coronavirus (COVID-19) Updates:

[https://www.mba.org/news-research-and-resources/mba-coronavirus-\(covid-19\)-updates](https://www.mba.org/news-research-and-resources/mba-coronavirus-(covid-19)-updates)

MBA Coronavirus (COVID-19) Resource Page:

[https://www.mba.org/news-research-and-resources/mba-coronavirus-\(covid-19\)-updates/mba-coronavirus-\(covid-19\)-](https://www.mba.org/news-research-and-resources/mba-coronavirus-(covid-19)-updates/mba-coronavirus-(covid-19)-)

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



© 2020 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, 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