



TO: Distribution

DATE: April 20, 2020

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- FANNIE MAE & FREDDIE MAC UPDATES
- REMINDER- FHA ACCEPTABLE FLOOD INSURANCE POLICY

FANNIE MAE & FREDDIE MAC UPDATES

Extended URLA implementation timeline due to COVID-19

Fannie Mae and Freddie Mac are extending the implementation timeline for the redesigned Uniform Residential Loan Application (URLA) and updated automated underwriting systems (AUS) specifications to support the industry during the COVID-19 pandemic. The new mandate for required use of the redesigned URLA is March 1, 2021. The extension will provide lenders and other stakeholders additional time to prepare and implement the redesigned URLA.

Condominium Project Review Flexibility (new flexibility)

Due to COVID-19 Fannie Mae and Freddie Mac have provided some relief for project reviews. The key highlights are

- Agency to agency refinances with an LTV of up to 90% are now permitted for limited cash-out refinance transactions for owner-occupied condo units only. Second homes and investment transactions are excluded. Review of litigation and all other existing requirements for waiver of project review are still required.
- If a board has not been able to meet to approve a 2020 Budget, FNMA/FHLMC will accept the 2019 budget.

Virtual inspections for appraisals (clarification)

Appraisers may use virtual inspection methods to augment the data and imagery that is used for either a desktop appraisal or an exterior-only appraisal. All traditional appraisals require the appraiser to perform a complete onsite interior and exterior inspection of the property. A virtual inspection cannot be used as a substitute for the onsite interior and exterior inspection for a traditional appraisal.

Additional form instructions for appraisals (clarification)

We are clarifying that the Map Reference field on the Appraisal Report for appraisals that use the flexibilities provided in this lender letter may only contain the word "desktop" or "exterior." No other words or phrases may be used or included. The Map Reference field should reflect the appraisal type agreed to with the acceptance of the assignment and the minimum scope of work required for the assignment. The appraiser is responsible for determining what is the adequate scope of work for any assignment and may choose to expand the scope of work beyond the minimum required.

Other New FAQs (clarifications)

- Fannie Mae Q47. In Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals, we stated that when an appraisal is completed "subject to repairs or alterations" a signed letter from the borrower confirming that the work was completed is allowed. Can the requirements of this letter be provided via email?

- The lender is responsible for ensuring this letter and supporting documentation is in the mortgage file. The borrower and lender can use electronic means of communication, for example email, to transmit the signed letter and verification documentation.

- Fannie Mae Q48. Does DU identify Fannie Mae-owned loans? (announced last week)Lender Letter LL-2020-04 specified temporary flexibilities that lenders may apply to limited cash-out refinance transactions when the loan being refinanced is owned by us. To assist lenders in applying these flexibilities, beginning Apr. 11, 2020, DU will issue a new message stating that the borrower's existing loan has been identified by DU as a Fannie Mae loan. This message will be issued on limited cash-out refinance loan casefiles when DU finds an active Fannie Mae first mortgage loan for the subject property address, and also confirms that the Social Security number (SSN) of at least one of the borrowers on the loan casefile matches one of the SSNs on the existing loan.

Note - NEW: Freddie Mac has announced they've added a new Freddie Mac proprietary feedback message to Loan Collateral Advisor® and Uniform Collateral Data Portal® (UCDP®) as of today. They are doing this in support of the temporary appraisal flexibilities announced in Single-Family Seller/Server Guide [Bulletin 2020-5](#) to help provide proper representation and warranty relief assessment. The message will note when exterior-only appraisals (as identified in the Map Reference field of the appraisal report) are submitted to UCDP using an incorrect appraisal form and will request resubmission to UCDP on the appropriate form. [The Loan Collateral Advisor feedback message list](#) and [UCDP feedback message list](#) have both been updated to include the new message.

Links:

- Freddie Mac Bulletin 2020-11 <https://guide.freddie.mac.com/app/guide/bulletin/2020-11>
- Fannie Mae LL-2020-04 <https://singlefamily.fanniemae.com/media/22321/display>
- [Fanne Mae COVID-19 FAQ](#) (updated 4/14)

REMINDER- FHA ACCEPTABLE FLOOD INSURANCE POLICIES

Summary: As a reminder, HUD Policy states private flood insurance will not satisfy FHA's National Flood Insurance Program (NFIP) flood insurance coverage requirement. The Department of Treasury published a final rule, effective July 1, 2019, that allows their regulated lending institutions to accept private flood insurance in lieu of an NFIP policy; however, this does not change FHA regulations. Flood insurance generally should be in the form of the standard policy issued under the NFIP. Policies that meet NFIP requirements—such as those issued by licensed property and casualty insurance companies that are authorized to participate in NFIP's "Write Your Own" program—are acceptable.

Effective Date: *n/a, reminder*

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or your Correspondent Liaison with any questions.***



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