



TO: Distribution

DATE: September 09, 2020

**RE: CMG Financial Correspondent Lending
Updates 2020-60**

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Disaster Policy Clarifications
- COVID-19 Temporary Closure of County Recorder's Office- Can We Close?

DISASTER POLICY CLARIFICATIONS

Summary: The CMG Disaster Area Policy is updated to clarify that

- re-inspections are to be ordered after the disaster end date;
- although IRRRL transactions do not require a re-inspection if no appraisal was required, a statement from the Veteran confirming the subject property was not impacted by the disaster must be obtained.
- for VA loans with appraisals, the policy is updated to include the VA verbiage for the Veteran and Lender Certifications.

In addition, the policy is updated with the following change:

AUS appraisal waivers offers are eligible in disaster areas subject to a satisfactory DAIR with ability to represent and warrant the value and marketability of the subject property have not been adversely impacted.

Effective Date: *This update and clarifications are effective immediately. The policy is updated and re-posted: [Disaster Area Policy](#).*

COVID-19 TEMPORARY CLOSURE OF COUNTY RECORDER'S OFFICE- CAN WE CLOSE?

Summary: Some county recorder's office may experience temporary closures when there is known COVID-19 exposure. When referencing a title policy, gap coverage is when the insurance covers between disbursement and recording. 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. However, it is not acceptable for title to take an exception to this gap coverage or not provide gap coverage.

Here's what Fannie says regarding the **Effective Date of Coverage Link: Fannie [Mae Selling Guide B7-2 Title Insurance](#)**

- 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.
- 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.

A new exception may be appearing in title commitments as a result of the COVID-19 crisis. The exception some lenders may see in Schedule B or C of the title commitment is the following (or something with similar wording):

“The Company reserves the right to make exceptions and requirements prior to and following closing for issuance of a title policy(ies) based upon the specifics of the transaction, the review of the closing documents, and changes in recording and title searching capabilities resulting from the consequences of the COVID-19 pandemic and business and government office closures.”

This exception relates to “gap” coverage, which is typically covered by the mortgage title policy. The period between the time when the borrower(s) sign their loan documents and the actual filing of the deed of trust is commonly referred to as the “gap” period. As stated above, it is not acceptable for title to take an exception to this gap coverage or not provide gap coverage. In some cases, the title work may require an Affidavit/Hold Harmless and Indemnity Agreement signed by the parties and the title work will reflect a B-1 requirement: Execution of Affidavit of Understanding and Indemnity and Hold Harmless Agreement Due to the COVID-19 Emergency by the Parties to the Contemplated Transaction.

This is an affidavit that borrowers and sellers may need to execute if required by title.

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



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