
TO: Distribution

DATE: November 25,2020

**RE: CMG Financial Correspondent Lending
Updates 2020-80**

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- Self-Employed Documentation Reminder- Bank Statements
- FHA Updates the 4000.1 Handbook
- Disaster Updates

SELF-EMPLOYEED DOCUMENTATION REMINDER-BANK STATEMENTS

As a reminder, the GSEs recently updated their bank statement requirements from two to three months. There are no exceptions to GSE temporary COVID-19 documentation requirements for conventional conforming loans. For government lending and situations that are not specifically addressed by FHA or VA, underwriting may still request bank statements and/or other additional documentation in addition to a P&L and Balance Sheet. If it is difficult to determine the probability of continued operation, underwriting may condition for documentation on the viability and potential future earnings, and an explanation of the function and financial operations of the business from a qualified party.

FHA UPDATES THE 4000.1 HANDBOOK

Summary: The Federal Housing Administration (FHA) published an update to [Single Family Housing Policy Handbook 4000.1](#) (SF Handbook). This update includes revisions and additional clarifications to various FHA policies and programs throughout the SF Handbook since its last update on January 2, 2020, as well as the incorporation of changes previously announced in the Mortgagee Letters included in the Handbook Transmittal, which can be found on the [Housing Handbooks](#) page on hud.gov.

Significant Updates Covered Include:

- Clarification of the definition of an Accessory Dwelling Unit (ADU) located on a single-family residential property. A one-unit property with an ADU will be treated as a one-unit property; however, an ADU located on any property with two or more units must be considered as an additional unit.
- HUD Form 92561 must be submitted for a one-unit property with an Accessory Dwelling Unit (ADU).
- Revised the FHA insurance concentration level for Single Unit Approval in a Condo project.
- For site condominiums the unit owner must be responsible for all insurance and maintenance costs, excluding landscaping.

- Clarified skirting requirements for manufactured homes.

Effective Date: Per FHA Info #20-85, the effective dates for the various SF Handbook sections are as follows:

- SF Handbook changes that are incorporated to reflect a ML (as identified in Section II of the Transmittal) have an effective date as previously announced in the respective ML. Changes identified in Sections I.A, V.A, and V.E.4.b must be implemented immediately.
- Changes identified in Section II.A may be implemented immediately; however, implementation is mandatory for mortgages with case numbers assigned on or after February 16, 2021.
- All other changes may be implemented immediately; however, implementation is mandatory not later than February 16, 2021.

DISASTER UPDATES

Summary: On November 9th, FEMA added a number of counties to the existing Louisiana disaster declaration for Hurricane Delta. The FEMA Declaration will replace the standing on CMG's disaster list for these counties.

FEMA ADVISORY: LOUISIANA PARISHES (DR-4570)

Incident Date: October 6, 2020

End Date: October 10, 2020

Declared Date: October 16, 2020

FEMA announced a Major Disaster for the following parishes in Louisiana due to Hurricane Delta:

- Acadia
- Beauregard (Added Nov.9; FEMA Declaration replaces the CMG declaration)
- Calcasieu
- Cameron
- Jefferson Davis
- Lafayette (Added Nov. 9; FEMA Declaration replaces the CMG declaration)
- Rapides (Added Nov. 9; FEMA Declaration replaces the CMG declaration)
- St. Landry (Added Nov. 9; FEMA Declaration replaces the CMG declaration)
- St. Martin (Added Nov. 9; FEMA Declaration replaces the CMG declaration)
- Vermilion

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



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