

BULLETIN # 2018-40

TO: Distribution

DATE: October 8, 2018

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- DISASTER UPDATE- FHA ISSUES WAIVER FOR CALIFORNIA COUNTIES
- DISASTER UPDATE- SOUTH CAROLINA

DISASTER UPDATE- FHA ISSUES WAIVER FOR CALIFORNIA COUNTIES

Summary: On October 2nd, the FHA issued a [waiver](#) of its policy on the timeframe for completing the inspection of properties prior to closing or submitting the mortgage for FHA insurance endorsement in the August 4, 2018, Presidentially-Declared Major Disaster Area (PMDA) due to the California Wildfires and High Winds declaration (DR-4382) in **Lake and Shasta Counties**.

- For mortgages in process secured by properties in a PDMDA that have not closed or are pending endorsement, disaster inspections may be ordered as per the Disaster Policy. Reminder: FHA's current policy requires that a damage inspection be performed following the close of the Incident Period as defined by the Federal Emergency Management Agency (FEMA).
- FHA believes that wildfires, and the high winds that fanned them, in Lake and Shasta Counties have stabilized to the extent that further damage to the properties appear unlikely, despite FEMA not having closed its Incident Period for the PDMDAs in these areas. However, mortgagees should continue to monitor FEMA's website to ascertain the latest information on this PDMDA, as additional areas could be added until the Incident Period has closed.
- As a result, FHA issued a waiver for properties in Lake and Shasta Counties, CA, regarding the timing of the required inspection, allowing damage inspections to be completed beginning October 2, 2018, for properties located in the PDMDA.
- This waiver does not affect mortgagees' obligations to exercise prudent lending practices and ensure that mortgages they submit for endorsement fully comply with FHA's property eligibility requirements

Effective Date: *Immediately*

DISASTER UPDATE- SOUTH CAROLINA

Summary: FEMA has added two additional South Carolina counties to the disaster declaration for Individual Assistance. Below is a current summary. FHA closings/purchases are not eligible in counties with FEMA declared individual assistance until a FEMA end date is declared (or FHA issues a waiver for the end date) and a disaster inspection is obtained.

South Carolina: Two counties in South Carolina were added to the FEMA individual assistance list (they were previously on CMG's disaster list):

- FEMA Individual Assistance:
 - Chesterfield, **Darlington**, Dillon, **Florence**, Georgetown, Horry, Marion, Marlboro
- In addition, at this time, CMG continues to have the following on the CMG disaster list and inspections are required. Unless FEMA adds these counties for Individual assistance, transactions in these counties are eligible for FHA closings and endorsements if a disaster inspection is obtained:
 - Berkeley, Charleston, Dorchester, Orangeburg, Williamsburg.

Link: <https://www.fema.gov/disaster/4394>

Please contact your Correspondent National Sales Manager

or your Correspondent Liaison with any questions.



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