TO: Distribution  DATE: October 26, 2017

RE: CMG Financial Correspondent Lending Updates  EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- FHA Disaster Related Policy for Four California Counties

FHA DISASTER RELATED POLICY FOR FOUR CALIFORNIA COUNTIES- OK TO ORDER DISASTER INSPECTION REPORT- WAIVER FOR END DATE TO DR-4344

On Tuesday, October 24, 2017, the Federal Housing Administration (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 Presidially-Declared Major Disaster Areas in certain counties in the state of California impacted by wildfires.

FHA believes that the situations in certain counties in California 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. As a result, FHA issued a waiver for certain counties in California regarding the timing of the required inspection, allowing damage inspections to be completed beginning October 24, 2017.

Disaster inspection reports for FHA transactions may now be ordered in the following California counties:

- Butte, Nevada, Orange, and Yuba.

Note on other California counties impacted by DR 4344: There is no FEMA end date nor FHA waiver for Lake, Mendocino, Napa or Sonoma counties so FHA disaster inspections may not be ordered at this time for these counties.

Links:

- The California "Wildfires" waiver is posted at https://www.hud.gov/sites/dfiles/OCHCO/documents/sf_hb40001waiverCA.pdf
- FEMA Declaration: https://www.fema.gov/disaster/4344

Standard FHA Policy:

- For mortgages in process secured by properties in a PDMDA that have not closed or are pending endorsement, mortgagees must follow the guidance contained in the Single Family Housing Policy Handbook 4000.1 (SF Handbook) Section II.A.7.c, Inspection and Repair Escrow Requirements for Mortgages Pending Closing or Endorsement in Presidentially-Declared Major Disaster Areas. 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).

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