

BULLETIN # 2018-50

TO: Distribution

DATE: November 21, 2018

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- DISASTER UPDATES- CALIFORNIA FIRES
- AGENCY PAID MORTGAGE INSURANCE UPDATES
- FREDDIE MAC UPDATES CONDO INSURANCE

DISASTER UPDATES- CALIFORNIA FIRES

Summary: The suspension announced in Off Cycle Memo 2018-25 for closings/fundings of properties located in the areas impacted by the wild fires in Northern and Southern California remains in place. Counties include the following:

Butte, Los Angeles and Ventura

We will reassess the situation after the fires are contained and the damages assessed. Please note that once the fires are sufficiently contained and the suspension is lifted, the disaster policy will be in effect for the full counties as they are already on the FEMA disaster list for individual assistance.

FHA closings/purchases will not be eligible until an end date is issued (or FHA waiver) and a re-inspection received.

Link:

- http://www.fire.ca.gov/current_incidents
- [Disaster 4407](#) Individual Assistance: Butte, Los Angeles, Ventura
- [CMG Disaster Policy](#)

AGENCY PAID MORTGAGE INSURANCE UPDATED

Summary: In December, separate product codes for Agency Paid Mortgage Insurance loans underwritten with Freddie Mac's LPA will be released. At that time, "EPMI" codes will be for loans

underwritten with DU, and "Imagin" codes will be for loans underwritten with LPA. To prepare for the release of the new "Imagin" codes, the existing Home Possible APMI product code names are being changed from "EPMI" to "Imagin". Once the full menu of new product codes are released in December, pricing will be differentiated for loans underwritten with DU ("EPMI" product codes) and LPA ("Imagin") product codes.

Existing Product Code Name	New Product Code Name
101HP EPMI	101HP IMAGIN
101HPA EPMI	101HPA IMAGIN
102HP EPMI	102HP IMAGIN
102HPA EPMI	102HP IMAGIN
103HP EPMI	103HP IMAGIN
103HPA EPMI	103HPA IMAGIN
1451HP EPMI	1451HP IMAGIN

At this time, the standard "EPMI" codes can continue to be underwritten with either DU or LP with the exception of Home Possible (LPA only) and HomeReady (DU only). There is no change to the required "APMI" disclosure that is required for both "EPMI" and "Imagin" product codes.

Effective Date: The above codes change date 11/16/2018. The separate rate options for "EPMI" vs "Imagin" are scheduled to be available by mid-December.

FREDDIE MAC UPDATES CONDO INSURANCE

Summary: In Freddie Mac Bulletin 2018-21 Freddie Mac announced updates to property insurance requirements for condominiums. See below for details.

FLOOD INSURANCE

Freddie Mac is updating the flood insurance requirements for Condominium Projects. Condominium owners' association flood insurance is required if the Condominium Unit is in a building in a Condominium Project other than a 2- to 4-Unit Condominium Project or Detached Condominium Project and all or part of the building is in an Special Flood Hazard Area (SFHA).

- **Previous:** Freddie Mac previously required that the condominium owners' association maintain building coverage for the lower of (1) the building's replacement cost, or (2) \$250,000 multiplied by the number of residential units in the building.
- **New:** Freddie Mac is now requiring the condominium owners' association to maintain building coverage for the lower of (1) 80% of the building's replacement cost, or (2) \$250,000 multiplied by the number of residential units in the building.

As a reminder, if the condominium owners' association's building coverage meets the required coverage for the association, but the unit allocation does not meet the 1- to 4-unit coverage requirements, the Borrower must maintain supplemental coverage at least equal to the difference between the condominium associations' building coverage allocated to the unit and the amount required for a 1- to 4-unit property (see Section 8202.3(a)). Freddie Mac Selling Guide impact: Section 8202.3

Link: <http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bl1821.pdf>

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