

# FEMA Declared Policy and Procedures



## DISASTER POLICY

Disasters, both natural and man-made, may occur at any time and include: Floods, fires, thunderstorms, tornadoes, hurricanes, earthquakes, landslides, volcanic eruptions, civil unrest and terrorist attacks.

These guidelines apply to properties located in:

- Federally declared disaster areas (FEMA Disaster Declarations) with designated counties or zip codes eligible for individual assistance.
- Areas where FEMA has not yet made a disaster declaration, but MFM or agency has determined there may be an increased risk of loss due to a disaster or;
- Areas where MFM has reason to believe that a property may have been damaged in a disaster.

Under any of the above instances, an inspection verifying the structure is sound and not negatively impacted by the Disaster is required. The inspection must be received prior to closing or purchasing the loan.

Please refer to the list of affected counties published by FEMA using the following link: <http://www.fema.gov/disasters>

- The Disasters are referenced with both an incident start date and an incident end date, known as the "Incident Period". The property is considered potentially impacted for 90 days from the Incident Period END date or date to which FEMA may extend the expiration of the disaster. The disaster "declaration date" is the date which FEMA announces the Presidentially Declared Disaster and any aid has been made available.
- Upon the occurrence of multiple events, such as a hurricane followed by a flood, the requirements of this Policy apply to the date of the most recent event.

## Inspection Requirements for Presidential Declared Disasters with Individual Assistance

CONVENTIONAL LOANS <sup>1</sup>		
If the effective date of the appraisal is...	And the original appraisal is...	An acceptable property inspection meeting the following requirements must be completed prior to closing:
On or before the incident period End Date, including ongoing disasters, where an incident period End Date has not yet been declared.	Standard (Full) appraisal	<ul style="list-style-type: none"> <li>• A final exterior inspection or appraisal update signed by the original appraiser and completion date:                             <ul style="list-style-type: none"> <li>• Appraisal Update, form Fannie Mae 1004D, Disaster Inspection, or</li> <li>• Completion Report, form Freddie Mac 442, or</li> </ul> </li> <li>• Property Inspection Report –                             <ul style="list-style-type: none"> <li>• Form Fannie Mae 2075, or</li> <li>• Form Freddie Mac 2070, Streamlined Inspection, or</li> </ul> </li> <li>• Third-Party Inspection through Red Bell Real estate (A Radian Company): <a href="https://redbellre.com/ave/main.aspx?tabid=1&amp;controlId=12">https://redbellre.com/ave/main.aspx?tabid=1&amp;controlId=12</a></li> </ul> <p>If the appraisal was completed after the Incident Period End Date and reflects any damage (other than minor cosmetic) that affects health, safety, habitability, soundness, or structural integrity of the property, then prior to closing, the damage must be repaired and an Appraisal Update Form 1004D, Form 442 Completion Report, or new appraisal must be completed, including an interior inspection if the damage and issues originally identified impacted the interior of the property.</p>

CONVENTIONAL LOANS <sup>1</sup>		
If the effective date of the appraisal is...	And the original appraisal is...	An acceptable property inspection meeting the following requirements must be completed prior to closing:
Loans closing: <ul style="list-style-type: none"> <li>• On or before the incident period End Date, or;</li> <li>• For which an end date has not been declared, or;</li> <li>• Within 90 days after the incident Period End Date</li> </ul>	Appraisal Waivers	Exterior inspection is required. Utilize any of the property inspection types provided above.  <b>**Interior inspection may be required if there is reason to believe interior damage may have been done.</b>

<sup>1</sup> Minor cosmetic damage is defined as damage that would not warrant an insurance claim and so minor as not to impact the safety, soundness, structural integrity, security or preservation of the property. Minor cosmetic damage examples include but are not limited to:

- Landscaping damage
- Cracked or damaged exit doors
- Marred paint surfaces
- Cracked window glass

# FEMA Declared Policy and Procedures



FHA & USDA	
<p>Appraisal completed:</p> <p>On or prior to the disaster "Incident Period" end date, or;</p> <p>Within 14 calendar days from the incident begin date, whichever is earlier</p>	<p>The original appraiser or another FHA Roster Appraiser must re-inspect the property and include the following:</p> <ul style="list-style-type: none"> <li>• Interior/Exterior inspection with photos</li> <li>• A statement that the property is free from damage and fully habitable.</li> </ul> <p>The report must be dated after:</p> <ul style="list-style-type: none"> <li>• The Incident Period End Date, or;</li> <li>• 14 calendar days from the Incident Begin Date, whichever is earlier.</li> </ul> <p>When damage is identified during a disaster inspection on an FHA transaction:</p> <ul style="list-style-type: none"> <li>• All damages must be repaired by licensed contractors or per local jurisdictional requirements.</li> <li>• All damages, regardless of amount, must be repaired and the Property restored to pre-loss condition with appropriate and applicable documentation.</li> </ul>
<p>Appraisal completed the day after the "Incident Period" end date (or 14 days from the Incident Period start date, whichever is earlier), up to the expiration date of the disaster (120 days from the end of the "Incident Period")</p>	<p>No inspection required; appraisal used in lieu of inspection. Appraiser must address the physical condition of the site and improvements as well as the impact of any damages to the property value and marketability if the inspection occurs within 90 days of the incident end period.</p> <p>The appraiser must include the following:</p> <ul style="list-style-type: none"> <li>• Interior/Exterior inspection with photos</li> <li>• A statement as to the dwelling habitability and property is free from damage.</li> </ul>
<p>FHA Streamline Refinance (No appraisal)</p>	<p>An interior inspection is required for:</p> <ul style="list-style-type: none"> <li>• Loans where the loan will close BEFORE the Incident Period End Date, or for which an End Date has not been declared,</li> </ul> <p>or -</p> <ul style="list-style-type: none"> <li>• Loans with a Note Date ON OR AFTER the Incident Period End Date where the Note Date is on or within 90 days after the Incident Period End Date.</li> </ul> <p>Inspection may be completed by:</p> <ul style="list-style-type: none"> <li>• Any FHA approved appraiser</li> <li>• Third-Party Inspection through Red Bell Real estate (A Radian Company): <a href="https://redbellre.com/ave/main.aspx?tabid=1&amp;controllid=12">https://redbellre.com/ave/main.aspx?tabid=1&amp;controllid=12</a></li> <li>• <b>AN INTERIOR INSPECTION MUST BE INCLUDED, ALONG WITH PICTURES</b></li> </ul>
<p>FHA loans closed on or after the incident the incident begin date and the appraisal is dated:</p> <ul style="list-style-type: none"> <li>• On or before the incident Period End Date or</li> <li>• Within 14 calendar days from the incident begin date whichever is earlier</li> </ul>	<p>FHA requires a disaster inspection by the original FHA appraisal PRIOR TO submission for FHA Mortgage insurance endorsement. The report must be dated after:</p> <ul style="list-style-type: none"> <li>• The Incident Period End Date, or;</li> <li>• 14 calendar days from the Incident Begin Date, whichever is later.</li> </ul>

VA	
<p>Appraisal completed on or prior to the disaster "Incident Period" end date</p>	<p>Exterior inspection performed by a VA approved appraiser is required. Appraiser must address the physical condition of the site and improvements as well as the impact of any damages to the property value and marketability and if damage is noted an interior inspection must also be performed.</p> <p>For VA Loans which will be closed after the Incident Begin Date, in addition to the inspection requirements above, a signed lender certification and signed borrower certification must be provided:</p> <p><b>Lender Certification, signed and dated</b></p> <ul style="list-style-type: none"> <li>This is to affirm that the property which is security for VA loan number _____ has been inspected to ensure that it was either not damaged in the recently declared disaster or has been restored to its pre-disaster condition or better.</li> </ul> <p><b>Veteran Certification, signed and dated</b></p> <ul style="list-style-type: none"> <li>I have inspected the property located at _____ and find its condition now to be acceptable to me. I understand that I will not be charged for any disaster-related expenses and now wish to close the loan.</li> </ul> <p><b>Decline in Value</b></p> <p>If there is an indication that the property, despite repairs, will be worth less at the time of loan closing than it was at the time of appraisal, the lender must have the VA appraiser update the original value estimate. The payment of the appraiser's fee for that service will be a contractual matter between the buyer and seller.</p> <ul style="list-style-type: none"> <li>If the property value has decreased, the loan amount must be reduced accordingly</li> </ul>
<p>Appraisal completed the day after the "Incident Period" end date up to the expiration date of the disaster (90 days from the end of the "Incident Period")</p>	<p>No Inspection required; appraisal used in lieu of inspection. Appraiser must address the physical condition of the site and improvements as well as the impact of any damages to the property value and marketability if the inspection occurs within the 90-days of the disaster end period.</p>
<p>VA IRRRL (No appraisal)</p>	<p>An interior inspection is required for:</p> <ul style="list-style-type: none"> <li>Loans where the loan will close BEFORE the Incident Period End Date, or for which an End Date has not been declared,</li> </ul> <p>or -</p> <ul style="list-style-type: none"> <li>Loans with a Note Date ON OR AFTER the Incident Period End Date where the Note Date is on or within 90 days after the Incident Period End Date.</li> </ul> <p>Inspection may be completed by:</p> <ul style="list-style-type: none"> <li>Any FHA or VA approved appraiser</li> <li>Third-Party Inspection through Red Bell Real estate (A Radian Company): <a href="https://redbellre.com/ave/main.aspx?tabid=1&amp;controllid=12">https://redbellre.com/ave/main.aspx?tabid=1&amp;controllid=12</a></li> <li><b>AN INTERIOR INSPECTION MUST BE INCLUDED, ALONG WITH PICTURES</b></li> </ul>