

POLICY & PROCEDURE

FEMA Declared Policy and Procedure

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Disaster Policy

When a property is located in a Federal Emergency Management Agency (FEMA) Declared Disaster Area receiving individual assistance funds, verify the structure is sound and not negatively impacted by the Disaster. This must be verified prior to closing or purchasing the loan.

Refer to the list of affected counties published by FEMA at the following link:

<http://www.fema.gov/disasters>

- If the county is indicated as being in a declared disaster area receiving individual assistance funds, the policy must be adhered to;
- 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 120 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 in which FEMA announces the Presidentially Declared Disaster and any aid has been made available.

Inspection Requirements for Presidential Declared Disasters with Individual Assistance

Conventional (non-DURP or LPOA)¹		
If the effective date of the appraisal or appraisal alternative was.....	And the original appraisal requirement was.....	The following requirements apply:
On or prior to the disaster "Incident Period" end date	Standard (Full) appraisal	<p>Exterior inspection with photos evidencing the property is free from damage and the disaster had no effect on the value or marketability.</p> <p>If the property inspection reveals more than minor cosmetic damage², a new interior appraisal is required and all damage must be repaired prior to closing and/or purchase by New Penn.</p>
	Appraisal Waiver, ACE or another reduced appraisal type (per DU/LP).	<p>A full appraisal with interior and exterior inspection dated after the incident period end date is required.</p> <p>If the appraisal reveals more than minor cosmetic damage², all damage must be repaired prior to closing and/or purchase by New Penn.</p> <p>The Appraisal Waiver, ACE or another reduced appraisal type product is not permitted for 120 days after the Incident Period end date.</p>
The day after the "Incident Period" end date up to the expiration date of the disaster (120 days from the end of the "Incident Period")	Standard (Full) appraisal	<p>An interior inspection is required.</p> <p>Note: If the property is being appraised for the first time after the Incident Period, an additional subsequent inspection is not required unless otherwise noted by the appraiser.</p>
	Appraisal Waiver, ACE or another reduced appraisal type (per DU/LP).	<p>A full appraisal with interior and exterior inspection dated after the Incident Period end date is required.</p> <p>The Appraisal Waiver, ACE or another reduced appraisal type product is not permitted for 120 days after the Incident Period end date.</p>
<p>¹Refer to Non-Agency product profiles for any investor specific requirements</p> <p>²Minor 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</p> <ul style="list-style-type: none"> • Landscaping damage • Cracked or damaged exit doors • Marred paint surfaces • Cracked window glass 		
Conventional DU Refi Plus or LP Open Access		
If the effective date of the appraisal or appraisal alternative was.....	And the original appraisal requirement was.....	No additional requirements or inspections apply.

On or prior to the disaster “Incident Period” end date, or the day after the “Incident Period” end date up to the expiration date of the disaster (120 days from the end of the “Incident Period”)	Standard (Full) appraisal	
	Appraisal Waiver, ACE or another reduced appraisal type (per DU/LP).	

FHA and USDA	
Appraisal completed on or prior to the disaster “Incident Period” end date	<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"> • Interior/Exterior inspection with photos • A statement as to the dwelling habitability • Property is free from damage and has not sustained any flooding and/or windstorm damage. • A statement as to whether sustained damage is above or below \$5000. <p>If the re-inspection indicates damage below \$5000 and the property is habitable, must meet one of the following prior to closing the loan:</p> <ul style="list-style-type: none"> • A re-inspection showing that repairs have been completed, OR • Established repair escrow (Refer to NPF’s Escrow Holdback policy). <p>If the re-inspection indicates damage above \$5000 or the property is not habitable, the following must be met prior to closing the loan:</p> <ul style="list-style-type: none"> • An interior/exterior re-inspection showing that the repairs have been completed. • Appraiser must state that the property is habitable.
Appraisal completed the day after the “Incident Period” end date up to the expiration date of the disaster (120 days from the end of the “Incident Period”)	<p>Full appraisal with interior/exterior inspection 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 if the inspection occurs within 120 days of the incident end period.</p> <p>The appraiser must include the following:</p> <ul style="list-style-type: none"> • Interior/Exterior inspection with photos • A statement as to the dwelling habitability • Property is free from damage and has not sustained any flooding and/or windstorm damage. • A statement as to whether sustained damage is above or below \$5000. <p>If the re-inspection indicates damage below \$5000 and the property is habitable, must meet one of the following prior to closing the loan:</p> <ul style="list-style-type: none"> • A re-inspection showing that repairs have been completed, OR • Established repair escrow (Refer to NPF’s Escrow Holdback policy). <p>If the re-inspection indicates damage above \$5000 or the property is not habitable, the following must be met prior to closing the loan:</p> <ul style="list-style-type: none"> • An interior/exterior re-inspection showing that the repairs have been completed. • Appraiser must state that the property is habitable.
FHA Streamlined Refinance (No appraisal)	No additional requirements or inspections apply.

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>The following items must be submitted with the VA guaranty request:</p> <p>Lender Certification, signed and dated</p> <ul style="list-style-type: none"> 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. <p>Veteran Certification, signed and dated</p> <ul style="list-style-type: none"> 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. <p>Employment/Income Certification</p> <p>Confirm prior to closing that the veteran's employment and income have not changed since the loan application. If at time of closing the veteran or co-borrower is no longer employed or income has been reduced, this information should be reported to VA or the automatic underwriter, as appropriate, for evaluation prior to closing.</p> <p>VA Loan Summary Sheet (VA Form 26-0286). The Remarks section of this form must be annotated 'Lender and Veteran Disaster Certifications Enclosed'. Additionally, if local law requires the property to be inspected and approved by the local building inspection authority, a copy of the appropriate local report(s) must be provided. Neither VA nor the veteran purchaser shall bear the expense of any disaster-related inspection or repairs.</p> <p>Decline in Value. 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"> If the property value has decreased, the loan amount must be reduced accordingly.
<p>Appraisal completed the day after the "Incident Period" end date up to the expiration date of the disaster (120 days from the end of the "Incident Period")</p>	<p>Full appraisal with interior and exterior inspection 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 if the inspection occurs within the 90-days of the disaster end period.</p>
<p>VA IRRRL (Without appraisal)</p>	<p>No inspection is required.</p>