



UPDATE - NATURAL DISASTER – CALIFORNIA
Wildfires

Primary Departments for Review: All
Bulletin Date: November 15, 2021
Pipeline Transition Time: All active loans currently in below counties

INFORMATIONAL:

FEMA has announced a formal declaration DR-4610 due to wildfires in California.

End Date Announced

Incident Period Start Date	Emergency Declaration declared	Incident Period End Date
7/14/2021	8/24/2021	10/25/2021
Affected Counties		
Lassen, Nevada, Placer, Plumas		



Bulletins are accessible in [Supreme Guidelines](#)

Re-inspection Requirements – All Loan Types (except FHA Streamline and VA IRRRL):

Any of the following inspection options may be utilized to satisfy the standard post-disaster inspection requirement:

- Appraisal Update and/or Completion Report (1004D) for exterior inspections
- 1004D interior/exterior inspections for FHA loans not closed prior to the disaster incident date.
- Inspection Report or Certification from a Licensed Property Inspector

Note: Loans already closed on properties located in these counties, with the appraisal completed:

- A standard disaster inspection with interior photos is required to confirm that no damage has occurred to the subject property. *Note:* Corporate Post-Closing Department will order.

Additional Requirements Based on Loan Type:

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Conventional Loans	Appraisal Update and/or Completion Report (1004D) with interior/exterior inspections. Property Inspection Waiver (PIW) or Automated Collateral Evaluation (ACE): <ul style="list-style-type: none"> • If the appraisal waiver was granted after the FEMA incident end date, a PIW/ACE is allowed if DU/LP indicates that a PIW/ACE is acceptable <i>after the incident end date</i>. • If the appraisal waiver was granted before the FEMA incident end date, the appraisal waiver can still be honored. Follow the Re-inspection requirements in the above section. 																												
VA loans	If the appraisal was performed before the FEMA incident end date, in addition to the re-inspection, VA requires a Veteran Disaster Certification form signed by the borrowers at closing, and a VA Lender Certification signed by the lender.																												
FHA loans	<p>Mortgages Pending Closing</p> <table border="1"> <thead> <tr> <th>If...</th> <th>Then...</th> </tr> </thead> <tbody> <tr> <td>The Mortgage is not closed,</td> <td>Inspect the Property to determine damage exists. Provide on-site inspection with interior/exterior photographs.</td> </tr> <tr> <td>No damage exists,</td> <td>Close Mortgage and document inspection.</td> </tr> <tr> <td>Damage exists but is below \$5,000 and Property is habitable,</td> <td>Complete repairs and close Mortgage or establish repair escrow and close Mortgage.</td> </tr> <tr> <td>Damage exists and is above \$5,000 or the Property is not habitable,</td> <td>Do not close Mortgage. Repairs must be complete prior to closing.</td> </tr> <tr> <th>When...</th> <th>Then...</th> </tr> <tr> <td>Repairs above \$5,000 are completed and inspected with interior/exterior photographs,</td> <td>Document inspection and close Mortgage</td> </tr> </tbody> </table> <p>Closed Mortgages Pending Endorsement</p> <table border="1"> <thead> <tr> <th>If...</th> <th>Then...</th> </tr> </thead> <tbody> <tr> <td>The Mortgage is closed but not yet endorsed,</td> <td>Inspect the Property to determine if damage exists. Provide drive-by inspection with exterior photographs.</td> </tr> <tr> <td>No damage exists,</td> <td>Endorse Mortgage and document inspection.</td> </tr> <tr> <td>Damage exists but is below \$5,000 and Property is habitable,</td> <td>Complete repairs and endorse Mortgage or establish repair escrow and endorse Mortgage.</td> </tr> <tr> <td>Damage exists and is above \$5,000 or the Property is not habitable,</td> <td>Do not endorse Mortgage.</td> </tr> <tr> <th>When...</th> <th>Then...</th> </tr> <tr> <td>Repairs above \$5,000 are completed and inspected with interior/exterior photographs,</td> <td>Document inspection and endorse Mortgage.</td> </tr> </tbody> </table>	If...	Then...	The Mortgage is not closed,	Inspect the Property to determine damage exists. Provide on-site inspection with interior/exterior photographs.	No damage exists,	Close Mortgage and document inspection.	Damage exists but is below \$5,000 and Property is habitable,	Complete repairs and close Mortgage or establish repair escrow and close Mortgage.	Damage exists and is above \$5,000 or the Property is not habitable,	Do not close Mortgage. Repairs must be complete prior to closing.	When...	Then...	Repairs above \$5,000 are completed and inspected with interior/exterior photographs,	Document inspection and close Mortgage	If...	Then...	The Mortgage is closed but not yet endorsed,	Inspect the Property to determine if damage exists. Provide drive-by inspection with exterior photographs.	No damage exists,	Endorse Mortgage and document inspection.	Damage exists but is below \$5,000 and Property is habitable,	Complete repairs and endorse Mortgage or establish repair escrow and endorse Mortgage.	Damage exists and is above \$5,000 or the Property is not habitable,	Do not endorse Mortgage.	When...	Then...	Repairs above \$5,000 are completed and inspected with interior/exterior photographs,	Document inspection and endorse Mortgage.
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Jumbo Loans	Appraisal Update and/or Completion Report (1004D) with interior/exterior inspections.																												

VA IRRRLs and FHA Streamlines without Appraisals

An additional inspection, recertification of the value and/or new appraisal is not necessary after a disaster if the loan meets the property insurance requirements.

Obtain a borrower Attestation stating there has been no damage done to the property.

If property damage is discovered during the inspection:

Conventional, VA and USDA:

A new interior and exterior appraisal must be obtained showing that:

- All damage has been repaired, and
- The property is habitable, and sound and the property value is supported.

FHA transactions:

- Appraiser must provide a damage inspection report with interior and exterior photos.
- New appraisal is required supporting Mortgage Loan amount if value has declined since effective date of original appraisal.
- Repairs must be completed prior to investor purchase.
- Mortgage Loan must be insured prior to purchase.

Purchase Transactions with Minor Repairs not Affecting Habitability:

It may be possible to close with a Repair Escrow as an exception. Please submit the request through Encompass. Standard Repair Escrow Policies apply.

Instructions to The Underwriter:

Once the states and counties of the Declared Disaster Area are known, Encompass will validate if the Appraisal Completion date is **AFTER** the Disaster **Incident End Date**. If yes, the milestones will progress normally. If no, the required field will need completion once the condition has been met.

- Once the Certification has been received in **Tools/ UW Summary/ Appraisal Info Section**
- Complete the Review Completed Field

Appraisal Information			
Appraisal Type	Form 1004 appraisal with interior/exterior		
Original Appraiser	Mark T Levering	Appraisal Completed	08/02/2017
Appraisal Ordered	//	Appraisal Expires	11/30/2017
Original Appraisers Value	340,000.00		
Review Appraiser	APEX APPRAISAL S	Review Value	340,000.00
Review Type		Conditions	
Review Requested	//		
Review Completed	08/28/2017		

The **Disaster Declaration Spreadsheet** on *Supreme Insight* has been updated.

Please contact the Product Desk at Products@supremelending.com for questions.