

# **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			









# 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:			
Loan Type	Requirements		
Conventional Loans	Property Inspection Waiver (PIW) or Automated Collateral Evaluation (ACE):  • 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 after the incident end date.  • 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	Mortgages Pending Closing		
	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	Complete repairs and close Mortgage or	
	Property is habitable,	establish repair escrow and close Mortgage.	
	Damage exists and is above \$5,000 or the	Do not close Mortgage. Repairs must be	
	Property is not habitable,	complete prior to closing.	
	When	Then	
	Repairs above \$5,000 are completed and inspected with interior/exterior photographs,	Document inspection and close Mortgage	
	Closed Mortgages Pending Endorsement		
	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.	
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.

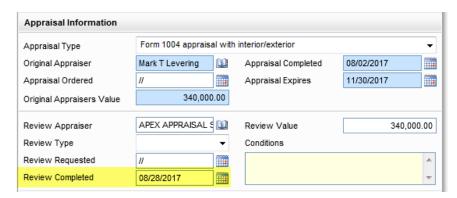
# Purchase Transactions with Minor Repairs not Affecting Habitability:

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
- o Complete the Review Completed Field



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

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



