

## **Disaster Policy Effective for Properties Impacted by Iowa Severe Storms and Flooding (DR-4421)**

**EFFECTIVE DATE: 03-12-2019**

WASHINGTON – FEMA announced that federal disaster assistance has been made available to the state of Iowa to supplement state and local recovery efforts in the areas affected by severe storms and flooding beginning on March 12, 2019, with an Incident Period End Date of June 15, 2019.

The counties eligible for Individual Assistance are: Fremont, Harrison, Louisa, Mills, Monona, Pottawattamie, Scott, Shelby, and Woodbury.

**Update 06-20-2019: FEMA has announced an extension to the Incident Period End Date of 05-16-2019 to 06-15-2019. All loans closed between 03-12-2019 and 06-15-2019 will need to follow the inspection requirements below.**

### **Inspection Requirements:**

#### **Conventional Loans Including Non-QM**

- A final exterior inspection or appraisal using:
  - Appraisal Update, form Fannie Mae 1004D; or
  - Catastrophic Disaster Area Inspection Report (CDAIR); or
  - Completion Report, form Freddie Mac 442; or
  - Form Fannie Mae 2075; or
  - Form Freddie Mac 2070, Streamlined Inspection.
- If loan was eligible for a property inspection waiver per the automated underwriting system prior to the date of the disaster, an interior/exterior appraisal is required.
- If the loan is eligible for a property inspection waiver per the automated underwriting system within 120 days following the disaster, consult with the Agency to confirm acceptability of the property inspection waiver.

#### **Government Loans**

- FHA:
  - Loan Closed and Funded, but not yet Endorsed prior to the FEMA Incident Period Start Date: Exterior only inspection from a roster appraiser with exterior photos. The report must be dated after the Incident Period End Date, as defined by FEMA or as stated in a FHA Waiver, when applicable.

- Loan is not Closed or Funded prior to the FEMA Incident Period Start Date: Interior and Exterior inspection from a roster appraiser with interior/exterior photos. The report must be dated after the Incident Period End Date, as defined by FEMA or as stated in a FHA Waiver, when applicable
- Damage inspections should be completed by the original Appraiser. However, if the original Appraiser is not available, another FHA Roster Appraiser in good standing with geographic competence in the affected market may be used. If the Mortgagee uses a different Appraiser to inspect the Property, the Appraiser performing the damage inspection must be provided with a complete copy of the original appraisal.
- USDA & VA: Any property inspection with exterior photos by a licensed appraiser or home inspector is permitted. No specific report format is required.

For loans not requiring an appraisal (*i.e.* VA IRRRL, USDA Streamlined Assist) an exterior-only property inspection will be required when the application date is less than 90 days after the FEMA (or FGMC) declared Incident Period Start Date. For FHA streamline loans, the exterior-only property inspection may be ordered once an Incident Period End Date (or HUD waiver) is issued.

### **For all loans**

If the above inspection guidance differs from the applicable published Agency guideline, the requirements within the Agency guideline will prevail.

Regardless of whether FEMA has formally declared a disaster, all transactions showing any indication of damage to the collateral should comply with the Agency guidelines.

The disaster inspection fee may be charged to the customer for all loan types with the exception of VA transactions. Internally, the charge must be accompanied by re-disclosure within three business days of the FGMC disaster announcement. If a Correspondent passes this fee to the borrower, the Correspondent must include evidence of timely re-disclosure with the loan file.

### **Important Reminder Regarding Providing Copies of Appraisals/Valuations to Applicants**

When an appraisal update/valuation assigns a new value to the property or a new appraisal is required, a copy of the update/appraisal must be provided to the applicants at least 3 business days prior to loan closing to comply with the Regulation B appraisal delivery requirements. Applicants may choose to waive this wait period; however, a written waiver signed by the applicant must be received at least 3 business days prior to loan closing to exercise this option.

Please reach out to your Account Executive with any questions or concerns.

As always, thank you for your continued business and partnership.