

Corporate Policy Statement 1004-ALL

Overview

CMG Mortgage, Inc., dba CMG Financial, NMLS #1820, (“CMG”) requires certain steps be taken by production staff prior to closing or purchasing a loan located on a property in a declared disaster area in order to mitigate risk for the company.

Ownership

<b>Document Owner:</b>	Corporate Credit
<b>Applicable Channel(s):</b>	All Channels
<b>Process Responsibility:</b>	All Production Staff

Policy

A disaster is a calamitous natural or human caused event which can have a significant effect on the lives and property of those in affected areas, and it is crucial that CMG protect the interests of its borrowers and investors by verifying the safety and soundness of potentially impacted properties. The designation of an area as a “disaster area” for the purpose of this policy is made by CMG Corporate Credit and can be based on a federally or state declared disaster area (FEMA or state/federal agency), or through knowledge of a disaster as a result of news and media or personal contacts. CMG maintains an internal list of counties and should be referenced as the master list by which a property’s location is determined to be covered by this policy as a disaster area.

When a property is located in a Disaster Area, CMG must verify the structure is sound and not negatively impacted by the Disaster. This must be verified prior to closing / purchasing the loan.

- CMG will require recertification from the appraiser on all loans located in the affected Counties prior to closing / purchase;
- If the county is indicated as being in a declared disaster area, the policy must be adhered to;
- The Disasters are referenced with both an incident start date and an incident ending date. The property is considered potentially impacted for 120 days from the incident END date to the date of the property inspection or valuation date;
- If a full appraisal was obtained on the property prior to the declared disaster’s incident end date, the inspection must verify the property is sound and habitable and in the same condition as when it was appraised. Any of the following options are acceptable to satisfy this requirement (must be obtained after the disaster end date):
  - A 1004D Final Inspection or Appraisal Update signed by the original appraiser
  - FNMA 2075 – Desktop Underwriter Property Inspection Report
  - DAIR – Disaster Area Inspection Report
- Full appraisals obtained after the declaration end date need to indicate the property has not been impacted by the disaster;
- AUS appraisal waivers offers are eligible in disaster areas subject to a satisfactory DAIR with ability to represent and warrant the value and marketability of the subject property have not been adversely impacted.
- FHA Streamline loans without an appraisal will require an exterior inspection from an FHA approved appraiser;
- VA IRRRLs require a Veteran statement indicating the property has not been impacted by the disaster;
- Additional VA and FHA requirements noted on the following page must be adhered to in addition to the above.

For non agency loans, the more restrictive of the CMG policy or the disaster policy noted in the guidelines must be adhered to.

Retail CMG branches will request the appropriate appraisal or inspection through the normal channels

Wholesale and Correspondent clients will be required to furnish CMG with the proper recertification prior to loan approval or purchase.

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**Additional Specific Guidance for FHA loans**

All Properties with pending Mortgages or endorsements in areas under a Presidentially-Declared Major Disaster Areas (PDMDA) designated for individual assistance must have a damage inspection report that identifies and quantifies any dwelling damage. The damage inspection report must be completed by an FHA Roster Appraiser even if the inspection shows no damage to the Property, and the report must be dated after the Incident Period (as defined by FEMA) or 14 Days from the Incident Period start date, whichever is earlier. If the effective date of the appraisal is on or after the date required above for an inspection, a separate damage inspection report is not necessary.

In addition, once eligible for the inspection, the inspection is to be an on-site inspection with interior/exterior photographs. 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 a different appraiser is used to inspect the property, the appraiser performing the damage inspection must be provided with a complete copy of the original appraisal.

On Properties that have closed but are not yet endorsed a drive-by inspection with exterior photographs is required.

**Reference:** See *FHA Handbook 4000.1, II.A.7.c. Inspection and Repair Escrow Requirements for Mortgages Pending Closing or Endorsement in Presidentially-Declared Major Disaster Areas.*

**Additional Specific Guidance for VA loans with appraisals**

If the VA loan closed prior to the Disaster:

- Any loan closed prior to the date of the declared disaster is eligible for VA Guaranty without regard to the disaster, as long as the property was appraised prior to the Disaster:
- If the property was appraised on or before the date of the declared disaster and not closed prior to that date, the *Lender Certification and Veteran Certification* must be completed and submitted with the VA Guaranty request;
- If the property was appraised after the date of the declared disaster, the inspecting appraiser must comment regarding the effect on the property that the disaster had, if no effect the appraiser must comment as such.
- *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.
- 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, CMG/Correspondent 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. If the property value has decreased, the loan amount must be reduced accordingly

Note: This specific guidance relates to VA Guaranty requirements. Correspondent clients are required to furnish CMG with the proper recertification prior to loan purchase for all non-IRRRL transactions.

**(1) Lender Certification**

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.

\_\_\_\_\_  
(Lender Signature)

\_\_\_\_\_  
(Lender Title)

\_\_\_\_\_  
(Date)

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**(2) Veteran Certification**

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.

\_\_\_\_\_  
 (Veteran Signature)                      (Date)

**(3) 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.

Additional Information

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*Related Documents:*

- CMG Disaster List (Internal Use Only)

*External Resources:*

- FEMA—Disaster Area Information: <http://www.fema.gov/disasters>

