LandSafe monitors publications and announcements to notify appraisers when there are declared disasters in geographic areas of your state. This circular replaces prior circular 2009-20-E, dated August 13, 2012. During your regular course of business, you may become aware of a declared disaster prior to receiving notification from LandSafe. LandSafe requires additional information in the appraisal report when a property is located in a declared disaster area. This circular provides guidance for different disaster scenarios under different loan product situations, and also serves as an introduction for the engagement of non-FNMA, LandSafe-approved Disaster Inspection Report forms that may be used under certain circumstances.

Please remember that when completing an appraisal of a property located in a declared disaster area, additional reporting requirements are provided in the Engagement Letter.

**Disaster Area Reporting Requirements**

**Appraisal of Subject in a Declared Disaster Area**

If the subject property is located in a declared disaster area, at the time of inspection for an appraisal, the appraisal report must:

- Include a statement indicating whether or not the property was affected by the disaster
- Indicate whether or not the disaster has passed, based on conditions observed at the time of inspection
- If the disaster affected the property, provide details about the damage and indicate whether or not:
  1. The property is “safe, sound and sanitary” for the occupants per the loan type requirements AND
  2. The value of the property has been adversely affected and any estimated costs to repair

If damage was done to the property, the damage must be described and photographed, and the appraisal report made “subject to” being repaired or inspected. A Fannie Mae/Freddie Mac 1004D form with photographs will be required to report the completion of the repairs before a loan can close.

**Disaster Area Declared After the Appraisal Completed, but Before Loan Closed Upon Re-Inspection, If No Damage**

When a subject property has already been appraised or a disaster inspection has previously been completed, and either report indicates repairs are required, but the loan has not closed, the appraiser may be engaged to complete a Completion Report 1004D to ensure repairs have been completed.

If a re-inspection after the appraisal was completed indicates the subject property suffered no damage, that is, no damage was readily apparent to the appraiser:
Disaster Area Reporting Requirements

- Check the “Yes” box under “Have the Improvements Been Completed In Accordance with the Requirements and conditions Stated in the Original Appraisal Report” on the 1004D and include comments similar to the following:
  
  o Subject is located in a recently declared disaster area and this inspection is being completed after the date of the disaster.
  o There is no damage to the subject was apparent and it appears to be in the same condition as when it was originally appraised.

- If repairs were noted in the original appraisal or in a subsequent disaster report, include photographs to show that the items have been repaired. Note: An updated value is not required.

Upon Re-Inspection Damage Apparent

If a re-inspection after the appraisal was completed and indicates the subject property suffered damage, that is, damage was readily apparent to the appraiser:

- Check the “No” box under “Have the Improvements Been Completed In Accordance with the Requirements and conditions Stated in the Original Appraisal Report” on the 1004D and include comments that are similar to, and/or address, the following:
  
  o Subject is located in a recently declared disaster area and this inspection is being completed after the date of the disaster.
  o The appraiser must provide detailed comments about the damage and indicate whether or not:
    
    ▪ The property is “safe, sound and sanitary” for the occupants per the loan type requirements.
    
    AND
    
    ▪ The value of the property has been adversely affected, and include any estimated cost of repairs.
  
  o Provide photographs the damage

Damage Apparent – Third Party Inspections Required

If the subject property suffered apparent damage, per a re-inspection after the appraisal was completed (e.g., flood, fire, wind, hurricane, tornado damage, earthquake) including potential damage not readily apparent to the appraiser’s untrained eye (e.g., damage to the foundation):

- Check the “No” box under “Have the Improvements Been Completed In Accordance with the Requirements and conditions Stated in the Original Appraisal Report” on the 1004D and include comments that are similar to, and/or address, the following:
Disaster Area Reporting Requirements

- Subject is located in a recently declared disaster area and this inspection is being completed after the date of the disaster.
- The appraiser must provide detailed comments about the damage.
- Recommend that the lender obtain appropriate third party professional inspection(s) to determine the extent of potential damage.
- Provide photographs of the damage

Note: The lender will be responsible for obtaining the required inspection(s).

1004D Example

FHA Disaster Inspection Requirements:

FHA Disaster Inspection Requirements: Complete the FHA Disaster Inspection Report using the 1004D form.

When completing the FHA Disaster Inspection Report 1004D form the appraiser must complete the following in Part “A”, Summary Appraisal Update Report top section and:

- Perform an on-site inspection and provide interior/exterior photos, including damaged areas
- Include statement as to dwelling habitability
- Provide statement as to any sustained damage, if any is: Below $5,000 or Above $5,000 that includes an itemized repair estimate with cost.

FHA Final Repair Inspection Requirements

When completing an FHA Final Repair Inspection the appraiser must:

- Perform an on-site inspection and provide interior/exterior photos
- Utilize the 1004D form by completing the following sections;
  - Part “A”, Summary Appraisal Update Report: to determine if there has been a change in the value of the property as of the effective date of the appraisal.
  - Part “B”, Certification of Completion: to determine and confirm that repairs are complete
**Disaster Area Reporting Requirements**

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**REO Property Appraisals**

On REO properties the appraisal is to be completed per the Engagement Letter. In addition, the REO appraisal should be completed in accordance with applicable guidelines above. *(e.g., No Damage, Damage Apparent or Damage Not Readily Apparent with recommended inspections and repair cost estimates, if Damage Apparent.)* REO orders are identified under the Property Information header in the Engagement Letter.

**PROPERTY INFORMATION:**

- Property Type: SFR
- Loan Type: REO
- Sub Loan Type: Conventional
Disaster Area Reporting Requirements

Engagement Letter Revisions

LandSafe encourages the appraiser to read the Engagement Letter and Scope of Work for every assignment. The Engagement Letter has been revised for Disaster Area Reporting as follows:

Disaster Reporting Requirements - If the subject property is located in a geographic area that has been declared a disaster area and the appraisal was completed before or after the date of the disaster, the appraiser must complete the appraisal per LandSafe Circular: New Disaster Appraisal Reporting Requirements 2012-35-E, dated 11/26/2012. If the subject property is located within a neighborhood or zip code area that has been recently declared a FEMA disaster area, a Yellow Standard Disaster Area notice will appear at the bottom of the section labeled Lender Specific Assignment Conditions (Orange and Red Standard notifications are used for Catastrophic Disasters).

LandSafe approved Disaster Inspection Reports

LandSafe may, in some circumstances, request an appraiser to complete a separate, stand alone, non-FNMA type, LandSafe approved Disaster Inspection Report Form on any property in their geographic area, including the subject under current engagement. The appraiser will be provided the form, being either a Walk-in or Drive-By type. Completion of the form is not technically difficult. Separate Engagement Letters for the two products will be provided with completion instructions and specific submission instructions.

Note: DO NOT submit the Disaster Inspection Report Form with the appraisal report as this will cause a Do Not Accept (DNA).

Resolution Customer Assistance Team

If you have questions regarding Disaster Reporting Requirements contact the LandSafe Resolution Customer Assistance Team at 1.800.341.6033.