

******NJHMFA Bulletin****Properties Located in a FEMA Declared Disaster Area******

NJHMFA will require an additional property re-inspection and review requirements on loans secured by properties located in a FEMA declared disaster area. Any adverse event that may have impacted a subject property must be evaluated in terms of its effect on the subject's habitability, marketability and value. It is important to note that properties located in disaster areas declared by FEMA disaster declarations will be eligible for NJHMFA programs if the following requirements are adhered to and documented in the loan file.

Valuations performed on or before the disaster date:

One of the following documents must be provided:

1. Appraisal Update

The document must address the specific disaster and indicate any apparent damage.

- a. If subject property has sustained more than minor cosmetic damage, a new interior appraisal is required and all damage must have been repaired prior to funding. A Fannie Mae Form 1004D (Completion of Repairs) is to be completed with photos prior to funding.
- b. If there is no damage, the appraiser must provide the following commentary on the Fannie Mae Disaster Inspection Addendum Form: "Property is free from damage and the disaster had no affect on value or marketability".

2. Inspection for Property Condition

An inspection of the property may be completed in lieu of an Appraisal Update when a disaster has affected the subject property's area and the subject has sustained no damage. This may be completed on Fannie Mae Form 2075. When this is used the following is required:

- a. A minimum of one clear photo of the subject must be provided.
- b. The inspection certification must be signed by the original appraiser.
- c. If there is no damage, the appraiser must provide the following commentary on the Fannie Mae Disaster Inspection Addendum Form: "Property is free from damage and the disaster had no affect on value or marketability".

3. Valuations performed after the disaster date:

- a. All comparables should be post-disaster. However, if sufficient comparables are not available, then the appraiser must provide current photos (post-disaster) of the subject and comparables. (MLS photos or photos used for previous appraisals are unacceptable)

- b. If the appraisal indicates damage: The extent of the damage must be addressed. Completion of repairs is required evidenced by
- c. Fannie Mae Form 1004D with photos prior to funding.
- d. If there is no damage, the appraiser must provide the following commentary on the Fannie Mae Disaster Inspection Addendum Form: "Property is free from damage and the disaster had no affect on value or marketability".