

**Recommended
Protocols for
properties
located in
FEMA
Designated
Natural
Disaster Areas**

What measures should lenders take prior to loan closing or endorsement when a property is located within a FEMA designated disaster area?

Pre-closing or Pre- Endorsement Measures	Damage Noted/ Damage Estimate	Damage Threshold Escrow Recommendations	Close Loan	Inspection Protocols	Endorse Loan
Complete Interior/ Exterior Inspection w/ Photos	Yes	Habitable and meets MPR/MPS w/ damages less than \$5,000 repair escrow recommended	Yes	Post Repair Inspection Release of escrow funds	Yes (document inspection, repair and release of escrow in case binder)
Complete Interior/ Exterior Inspection w/ Photos	Yes	Damage in excess of \$5,000 repair escrow recommended	No	Post Repair Inspection Release of escrow funds	Yes (document inspection, repair and release of escrow in case binder)
Complete Interior/ Exterior Inspection w/photos	No	None	Yes	None	Yes

- Inspection should be conducted by appraiser who performed original report or, if damage includes structural or other complex issues, a technically qualified 3rd party
 - If inspection not conducted by original appraiser, inspector should have copy of original appraisal complete with photos and exhibits
 - If home or site damaged, an itemized list of damages with repair estimates should be retained in case binder
 - Repair estimates over \$5,000 and/or repairs involving structural or other specialized repairs must be made by technically qualified 3rd party
 - Technically qualified 3rd parties should have expertise for the component being inspected (structural engineer, electrician, plumber, roofer, licensed home improvement or building contractor, etc.)
 - Damage should be repaired prior to endorsement, even in cases of insurable losses
 - If required by local jurisdiction, copies of building permits, inspection results and, if applicable, certificate of occupancy must be retained in case binder
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