Disaster Policy (11_01_2012)

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Introduction

Disasters including, but not limited to, earthquake, fire, flood, hail, hurricane, landslide, lightning, tornado, etc… may impact a subject property adversely. While FEMA is the primary source for this information it does not always issue declarations immediately following a disaster. Regardless of the issuance of a FEMA Disaster Notification or not, anyone with knowledge of potentially adverse conditions within the subject property should take action to ensure the property meets First Guaranty Mortgage Corporation (FGMC) requirements for purchase. Potentially affected property should be evaluated for habitability, marketability and any adverse effect on valuation. FGMC will purchase loans on properties located in FEMA disaster areas provided they meet the requirements as outlined in this policy.

Determining Affected Areas

It is the Correspondent’s sole responsibility to be aware of disasters within their lending area. Additionally, the Correspondent should use available contacts and resources to determine if a property has been impacted by a disaster and may require repairs. Any damage to the subject property will need to be repaired and property inspection completed to verify completion of repairs prior to purchase of the loan. First Guaranty Mortgage Corporation reserves the right to request additional documentation as proof/certification of the properties habitability, marketability or value.

Valuation Requirements for Property in Affected Areas

In general, this Disaster Policy should be followed during and ongoing disaster and up to 90 days from the FEMA Declaration.

Valuation / Inspection Requirements:

On all files, a certification from the Correspondent must be provided. This certification is required for properties in both individual and public assistance FEMA disaster areas. The certification is attached and requires signature from an officer of the Correspondent company.

For loans in areas where the Federal Government issued a Disaster Declaration requiring individual assistance:

- On FHA/VA/USDA, in addition to any specific requirements set by the government agencies regarding property inspection FGMC is requiring at minimum a 1004D on all loan types where an initial appraisal was completed. The 1004D should be completed by the original appraiser when possible, or any approved FHA or VA inspector. For FHA Streamlines or VA IRRRLS without an appraisal a FNMA 2075 is required when the loan will close within 90 days of the FEMA Declaration. All inspection types should at minimum have:
  1. Exterior photo of the subject property, evidencing no damage
  2. The date of the inspection was after the end date of the disaster
  3. Appraiser or inspector’s certification that the subject property is free from damage and in the same condition or better condition since original inspection. If not the original inspector, appraiser must comment that he/she completed an interior and exterior inspection of the subject to determine no damage to the subject property.

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4. If applicable; comments from the appraiser or inspector regarding any adverse conditions in the area which could negatively impact habitability, marketability or value.

5. Additional Certification is required on all VA loans as per the VA Guidance on Natural Disasters policy; this certification must be provided by the correspondent lender.

- On FNMA Conventional Loans FGMC is requiring at minimum a 1004D on all loan types where an initial appraisal was completed. The 1004D should be completed by the original appraiser when possible. For loans without an appraisal a FNMA 2075 is required when the loan will close within 90 days of the FEMA Declaration. All inspection types should at minimum have:
  1. Exterior photo of the subject property, evidencing no damage
  2. The date of the inspection was after the end date of the disaster
  3. Appraiser or inspector’s certification that the subject property is free from damage and in the same condition or better condition since original inspection. If not the original inspector, appraiser must comment that he/she completed an interior and exterior inspection of the subject to determine no damage to the subject property.
  4. If applicable; comments from the appraiser or inspector regarding any adverse conditions in the area which could negatively impact habitability, marketability or value.

5. In lieu of an appraiser or inspector on conventional loan types First Guaranty Mortgage Corporation will accept a **Correspondent Inspection** of the Property. This review type is only applicable when:
   a. The loan type is conventional
   b. The property has **sustained no damage**

   When a Correspondent Inspections of the Property is used:
   a. At least one clear photo of the subject must be provided
   b. An officer of the Correspondent company must sign the inspection
   c. The certification must be completed on the Correspondent companies corporate letterhead

6. For FNMA DU Refi Plus®; If the lender has reason to believe that fieldwork is warranted based on additional information obtained about the property or subsequent events such as a hurricane or other natural disaster (i.e., property located within a FEMA disaster area that is eligible for individual assistance within two years of the disaster declaration date), or based on additional information provided by DU regarding the subject property and/or loan casefile, the minimum property fieldwork requirement specified by DU must be obtained, and the lender **may not** exercise the DU Refi Plus® property fieldwork waiver.

All inspection reports are subject to review by a member of First Guaranty Mortgage Corporation review team or Sr. Management. FGMC reserves the right to require additional documentation prior to the purchase of any property in a Federally Declared Disaster area.

If a property has sustained damage, FGMC will not purchase the subject loan until all damage has been repaired and the subject has been inspected to reflect a condition acceptable to FGMC and meet all agency requirements. This final inspection type must be an interior and exterior inspection.

**Where to Order**

If the Correspondent does not have a preferred vendor, First Guaranty Mortgage Corporation currently has a relationship with Coester Valuation Management Services (Coester VMS). Sellers can use Coester VMS to order their value updates, disaster reports, drive-by appraisals or full interior/exterior inspections. Follow the link below to access Coester’s website.

www.CoesterVMS.com

**10.26 Current Disaster Updates (Hurricane Sandy)**

Check FEMA’s website often for updates. Currently affected states are:

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