



Delegated Disaster Policy

Disaster Policy:

Open Mortgage considers a disaster to be either a natural disaster or man-made. To ensure the subject property has not been damaged in the disaster, Open Mortgage will require certification confirming the property has not been affected by the recent disaster. The list of Disasters include, but are not limited to, the following:

- Civil unrest
- Earthquakes
- Floods
- Hurricanes
- Landslides
- Nuclear accidents
- Terrorist attacks
- Thunderstorms
- Tornadoes
- Tropical Storms
- Volcanic eruptions
- Wildfires

Seller's Responsibility and Awareness:

It is the seller's responsibility to ensure they are kept up to date of areas that have been impacted by a disaster. Loans affected by the disaster must be addressed prior to selling the loan to Open Mortgage. The seller should monitor FEMA (Federal Emergency Management Agency), NOAA (National Oceanic and Atmospheric Administration), news, etc. to confirm which areas are located in the disaster area(s.) Please refer to the Seller Warranty section below for loans sold to Open Mortgage.

Multiple Disasters:

If the area was affected by multiple disasters, a Lenders Certification within 90 days after the FEMA end date of the most recent event would apply; see FHA's requirements below.

Appraisals / Property Inspections Requirements:

Open Mortgage will require inspections once the disaster has ended, up to 90 days after the note date to the FEMA posted end date as described below. If an appraisal was completed on or before the disaster end date, Open Mortgage will require a property inspection prior to purchasing the loan.





- Signed Lenders Certification with photos of the full exterior of the house , street address & up and down the street, evidencing the property was not damaged by the disaster. The individual completing the certification cannot be someone with a financial interest in the transaction, including but not limited to the borrower, seller, agent or loan officer.
- 1004D confirming the property was not damaged by the disaster and the marketability remains unaffected. Photos of the full exterior of the house, street address & up and down the street are required.
- For appraisals completed after the FEMA end date: If an appraisal is provided the appraiser's comments within the appraisal report confirming the property was not affected by the disaster is allowed in lieu of a Lenders Certification or 1004D. If the property was affected the damage will be required to be repaired and a 1004D/442 will be required showing the repairs are complete prior to purchase.

FNMA - Loans without an Appraisal and using a Property Inspection Waiver (PIW):

For loans submitted through DU after the FEMA end date, a Property Inspection Waiver (PIW) is allowed. Any loans submitted to DU prior to the FEMA end date must still obtain a full appraisal, despite the DU showing a PIW (a 2055 is acceptable). Loans may be re-ran through DU, at the sellers risk, in an attempt to keep the PIW allowance once FEMA posts an end date.

FHA Loans

While Open Mortgage will allow a Lenders Inspection prior to purchase, sellers should be aware of the below requirements from FHA, for which the seller remains responsible for delivering to Open Mortgage. Sellers remain responsible for ensuring all loans are submitted following FHA guidelines as it relates to disasters, despite any loans covered through the Certified Loan Program.

- Refer to HUD Handbook 4000.1 (II. A.7. c) for more details on FHA's requirements for properties located in a Presidentially Declared Disaster Area.

After the loan is purchased, the seller has up to 14 days to provide a 1004D showing the property was unaffected by the recent disaster(s). Prior to ordering the 1004D the seller may provide a letter of explanation (LOE) (1) confirming the property was not damaged and (2) confirmation the 1004D was ordered. The LOE can be signed by a manager or above.





Open Mortgage's Right To Inspect

For a period of up to 120 days after a loan is purchased, Open Mortgage reserves the right to inspect the property for any previous, or new disasters, that occurred on or after the loan sale. The seller remains responsible for ensuring the property is available for both an exterior and interior inspection. If Open Mortgage is unable to gain the necessary access to the property to have a property inspection performed, the seller must provide an inspection at the direction of Open Mortgage. Open Mortgage will reimburse the seller, at the seller's request, for any disaster inspection obtained where the disaster occurred after the purchase of the loan.

Seller Warranty

Once the loan is sold to Open Mortgage, the seller guarantees the subject property is in marketable condition and has not been destroyed, damaged or needing repairs at the time of purchase due to a recent disaster.

Open Mortgage is not responsible for distributing the disaster announcements to our sellers. If at any point after the loan has been purchased by Open Mortgage and sold to an investor, and it is been discovered the subject property was in poor condition, or in need of repair due to a disaster, and/or was not marketable at the time of the purchase, the loan may be subject to repurchase.

