



VA GUIDANCE ON NATURAL DISASTERS

INFORMATION FOR VETERAN BORROWERS

If you have a VA loan and your home was affected by a natural disaster, we encourage you to take the steps listed below to ensure you receive the assistance you need.

(1) Contact FEMA (Federal Emergency Management Agency)

Begin the disaster application process online at www.DisasterAssistance.gov or by calling 800-621-3362. In order to receive the maximum assistance, you must register with FEMA before their deadline expires. Do not pay your loan in full before checking with the Small Business Administration (SBA) regarding a loan for the uninsured portion of your loss. Additional support, including low-interest loans, cash grants, and housing assistance may be available from agencies associated with the disaster recovery effort. For more information, go to www.fema.gov.

(2) Contact Your Mortgage Company

You are responsible for making regular monthly loan payments, even if your home is not habitable, so contact your lender as soon as possible regarding your loss. If you are unable to make payments on time, we encourage you to discuss forbearance or a loan modification. Also have your lender explain procedures for insurance loss checks, repairs to your property, payments to contractors, etc.

You may also contact VA at **877-827-3702** to speak with a Loan Specialist about your options.

If your home was adapted through VA's **Specially Adapted Housing** program, please contact us at **877-827-3702** because you may have remaining grant funds to help with repairs.

(3) Contact Your Insurance Company

File an insurance claim as soon as possible; however, do not make a hasty settlement on insurance. When the property is damaged but repairable, attempt to get your local engineer's office to inspect your home for structural damage. If possible, get at least two estimates from licensed contractors for cost of repairs or rebuilding. -- Insurance checks for personal property and living expenses should be payable to you only. Checks for damage to your home should be payable to both you and your mortgage company.

(4) Change your Address

If you are receiving a monthly benefit check from VA or another source and you will not be able to receive mail at your regular address, notify your local post office and VA Regional Office (benefits.va.gov/homeloans/rlcweb.asp) of your change of address. For information on other VA benefits, call 800-827-1000.

(5) Check Other Sources for Assistance

Contact local offices of the American Legion, Veterans of Foreign Wars, Disabled American Veterans (DAV) or other veterans' organizations to see if special assistance may be available, even to non-members of the organization.

INFORMATION FOR MORTGAGE LENDERS

Lenders must check with FEMA to obtain the specific counties and corresponding declaration dates (www.fema.gov/disasters) along with any amendments to the declaration.

Loan Closed Prior to Disaster. Any loan closed prior to the date of the declared disaster is eligible for VA Guaranty without regard to the disaster. The "Information for Mortgage Servicers" section below applies to these cases.

Properties Appraised Prior to Disaster. If the property was appraised on or before the date of the declared disaster and not closed prior to that date, the following items must be submitted with the VA guaranty request:

(1) Lender Certification

This is to affirm that the property which is security for VA loan number _____ has been inspected to ensure that it was either not damaged in the recently declared disaster or has been restored to its pre-disaster condition or better.

(Lender Signature) (Lender Title) (Date)

(2) Veteran Certification

I have inspected the property located at _____ and find its condition now to be acceptable to me. I understand that I will not be charged for any disaster-related expenses and now wish to close the loan.

(Veteran Signature) (Date)

(3) VA Loan Summary Sheet (VA Form 26-0286). The Remarks section of this form must be annotated “Lender and Veteran Disaster Certifications Enclosed.” Additionally, if local law requires the property to be inspected and approved by the local building inspection authority, a copy of the appropriate local report(s) must be provided. Neither VA nor the veteran purchaser shall bear the expense of any disaster-related inspection or repairs.

(4) Decline in Value. If there is an indication that the property, despite repairs, will be worth less at the time of loan closing than it was at the time of appraisal, the lender must have the VA appraiser update the original value estimate. The payment of the appraiser’s fee for that service will be a contractual matter between the buyer and seller. *If the property value has decreased, the loan amount must be reduced accordingly.*

(5) Employment/Income Certification. Lenders must confirm prior to closing that the veteran’s employment and income have not changed since the loan application. If at time of closing the veteran or co-borrower is no longer employed or income has been reduced, this information should be reported to VA or the automatic underwriter, as appropriate, for evaluation prior to closing.

INFORMATION FOR MORTGAGE SERVICERS

Mortgage servicers must check with FEMA to obtain the specific counties and corresponding declaration dates (www.fema.gov/disasters) along with any amendments to the declaration.

Assistance to Homeowners. *VA encourages servicers of guaranteed loans in disaster areas to extend all possible forbearance to borrowers in distress.* VA regulations on Prepayments (38 CFR 36.4311), Advances (38 CFR 36.4314), Loan Modifications (38 CFR 36.4315) and Supplemental Loans (38 CFR 36.4359) may be of assistance in appropriate cases. It is the loan holder’s responsibility to counsel borrowers concerning assistance that may be available.

Moratorium on Foreclosures. Although the loan holder is ultimately responsible for determining when to initiate foreclosure and complete termination action, VA encourages holders to establish a 90-day moratorium on initiating new foreclosures in the disaster area.

Insurance Requirements. VA regulations (38 CFR 36.4329) require that lenders and holders ensure that homes financed with VA-guaranteed loans be sufficiently insured against hazards. Insurance proceeds are to be applied to the restoration of the security or the loan balance. The burden of proof is upon the holder to establish that no increase in VA’s ultimate liability is attributable to failure of the holder to have the property properly insured or properly apply an insurance loss settlement.

Case-specific appraisal, origination and servicing issues may be directed to the appropriate VA Regional Loan Center (benefits.va.gov/homeloans/rlcweb.asp).