



DEPARTMENT OF VETERANS AFFAIRS
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In Reply Refer To: 317/26

August 16, 2004

INFORMATION BULLETIN 26-04-14

TO: ALL LENDERS, APPRAISERS, AND COMPLIANCE INSPECTORS

SUBJ: LOAN GUARANTY MATTERS RELATING TO DESIGNATED FLORIDA
COUNTIES WITH DISASTER DESIGNATION

1. In order to afford protection to veteran purchasers of homes in counties declared disaster areas by the President, the following processing guidelines have been established.
2. As necessary, all cases where the Uniform Residential Appraisal Report is dated on or before the date of the disaster (i.e. hurricane, flood, tornado) or the date that the county in which the subject property is located was declared a disaster area (i.e. wildfires) and the loan was not closed by the lender prior to that date, are subject to re-inspection requirements. The required re-inspections will be made by lenders and the lenders certifications will be on their letterhead stationery and state:

LENDER CERTIFICATION-"This is to affirm that the property which is security for VA loan number LH _____ suffered no damage, or if it did, the property has been restored to pre-storm or better condition."

VETERAN CERTIFICATION-"I have viewed the property and find the condition is acceptable to me and I am still willing to close the loan."

Applicable certifications will be acknowledged by an appropriate official of the lending institution and/or the veteran under contract on the subject property.

3. If damages are reported, the lender should not close the loan until the damages are properly repaired. Repairs must be at no cost to the veteran. The fee appraiser who performed the original appraisal should re-inspect the property if repairs were required, and report its observed condition. That report may be made on VA Form 26-1839, Compliance Inspection Report, or on the appraiser's letterhead stationery. The original report will be forwarded to VA and copies furnished to the lender.

If the original appraiser is not available, VA should be contacted to request a substitute. In cases processed as proposed construction, the required inspection will be made by the compliance inspector.

4. The following apply based upon the reported observed condition of the property by the lender:

If the re-inspection indicates there is no observed structural damage or other conditions requiring repairs, the lender may proceed to loan closing and must include a copy of the re-inspection lenders certification and veterans certification with the request for guaranty.

For any NOV that required a repair and/or construction compliance inspection, any inspection made after the disaster will be considered a re-inspection.

5. When a disaster area is declared, the following types of Loan Guaranty cases in any affected county shall be suspended:

Loan Applications received by VA but no commitment has been issued.

Commitment issued by VA, but the loan has not been closed by the lender (as well as loans being processed on an automatic basis which have not been closed).

The foregoing cases will remain suspended and no further processing action taken until a determination has been made by re-inspection (see paragraph 2 and 3) that properties concerned in the particular case have not suffered damage or if damaged, that firm arrangements have been made in each case to restore the property before processing is resumed.

6. No re-inspections will be required for closed loans in which a guaranty has not yet been issued; guaranty in such cases will be released upon receipt of proper loan documentation.

7. We appreciate your continued cooperation.

William A. Cipolla
Loan Guaranty Officer