



Hurricane Relief Frequently Asked Questions (FAQs)

Updated September 15, 2017

Fannie Mae stands with the many millions affected by Hurricane Harvey and Hurricane Irma as they rebuild their communities. We are working with our customers, partners, and federal and local authorities to bring relief to homeowners now, and are committed to helping the region's families, neighborhoods, and communities recover in the months and years ahead.

Below are frequently asked questions and corresponding answers regarding Fannie Mae's policies and information available for providing assistance to families and communities impacted by Hurricane Harvey and Hurricane Irma. As new information becomes available, we will update this FAQs document. For additional information and resources, please visit the [Hurricane Relief section](#) on our website or contact your Customer Delivery Team.

Business Partners – Single-Family Related FAQs

Q1. What are the most important updates I need to know about Fannie Mae's policies on natural disasters, such as Hurricanes Harvey and Irma? **UPDATED**

We have standing policies in place to help lenders and servicers assist their customers who have been impacted by a natural disaster, such as Hurricanes Harvey and Irma. For all Fannie Mae disaster assistance policies please refer to the [Disaster Relief section of our Single-Family website](#).

For specific updates related to Hurricanes Harvey and Irma, please refer to the [Hurricane Relief section](#) on our website. A few of the notable updates are:

- To reduce the burden on customers, we recently announced that we will reimburse both lenders and servicers for the costs associated with inspecting impacted properties. This is true for both loans currently being serviced and for loans in your origination pipeline earmarked for delivery to Fannie Mae. We are working to determine the best process for reimbursement of these expenses and will share more information with customers as it is available.
- Servicers may grant an initial 90-day period of disaster forbearance to any homeowner they believe has been impacted by this natural disaster. Because it can be difficult to contact homeowners after a disaster, we permit servicers to grant this temporary relief even if they cannot contact the impacted homeowners immediately. Servicers can extend the forbearance period beyond 90 days after making right party contact with the homeowner or with approval from Fannie Mae.
- Servicers must suspend any foreclosure sale for all homeowners with a property impacted by either Hurricane Harvey or Hurricane Irma as of the date the disaster occurred and until December 31, 2017. The servicer is authorized to conduct foreclosure sales prior to December 31, 2017 if the property was identified as vacant or abandoned prior to either hurricane, provided a property inspection confirms no damage to the property or, if damaged, the property is not covered by insurance or is ineligible for any state or federal disaster relief. (See [LL-2017-06: Additional Clarifications for Mortgage Loans Impacted by Hurricanes Harvey and Irma](#)).



- We have updated Desktop Underwriter® (DU®) to incorporate the zip codes included in the FEMA-declared disaster areas for Hurricanes Harvey and Irma. Loans submitted to DU within these zip codes will be excluded for consideration for a Property Inspection Waiver (PIW).

Q2. How is Fannie Mae assessing the impact of Hurricanes Harvey and Irma? UPDATED

Hurricanes Harvey and Irma have had a devastating impact on many communities in multiple U.S. states and territories. It will take time to assess all of the affected areas and determine the full nature and breadth of the impacts to homeowners and property. We will provide ongoing updates, guidance, and assistance to our customers as the situation continues to develop. We are committed to helping our lenders, servicers, and homeowners as they address the devastating impacts of Hurricanes Harvey and Irma.

While it is too early to know the full scale and scope of the damage, we know that this will be a multi-year recovery effort.

Q3. Are borrowers in disaster areas eligible for HomeReady® mortgage flexibilities? UPDATED

Yes. There has been no change to our acceptance of HomeReady loans as a result of the disaster. Our standard HomeReady requirements apply, including borrower income limits. Lenders can determine borrower income eligibility by using the [HomeReady Income Eligibility Lookup tool](#).

Q4. Are lenders required to re-verify borrower employment on closed loans prior to delivery to Fannie Mae?

No. Lenders are not required to re-verify a borrower's employment on closed loans prior to delivery. If you have questions or need additional information, please contact your Fannie Mae account team.

Q5. Many homeowners have evacuated their flooded and damaged properties for safety reasons. If the borrower stops making monthly payments, are servicers required to advance delinquent payments to Fannie Mae?

Yes. The servicer must remit principal and interest to Fannie Mae on scheduled/scheduled remittance type mortgage loans, interest on scheduled/actual, and neither for actual/actual regardless of whether it actually receives payments from the borrower. For additional information, see Servicing Guide [C-3-01: Responsibilities Related to Remitting P&I Funds to Fannie Mae](#).

Fannie Mae will continue to pay securities holders in accordance with our MBS Trust agreements.

Q6. Some delinquent properties we're servicing in the impact area already have an open valuation order or had one completed prior to the storm. What should we do?

Fannie Mae will cancel valuation orders which cannot be fulfilled on properties located in the disaster area. Any valuations recently completed and returned in the affected areas will need to be reordered in the future when conditions allow. If you have questions, please reach out to your Fannie Mae valuation contact.



Q7. What initial actions does Fannie Mae require servicers to take in response to a disaster?

The initial actions a Fannie Mae servicer should take in response to a disaster are listed below:

- Servicers should attempt to contact the borrower to determine the extent and nature of the damage (regardless of whether the property is in a FEMA-declared disaster area) and the borrower's ability to continue making their monthly payments.
- If a servicer is unable to contact the borrower, the servicer may need to rely on other means, such as performing a property inspection, to determine the extent and nature of the damage.
- If a servicer is unable to contact a borrower, then they may grant "disaster relief" for up to 90 days. The disaster relief period provides time for the servicer to make right-party contact and determine the borrower's ability to pay and the property's condition. If the servicer is able to contact the borrower then the servicer can offer a longer forbearance plan for up to six months.
- Servicers should evaluate each mortgage loan that is or becomes delinquent as a result of damages or expenses related to the disaster on a case-by-case basis.
- Servicers should waive any late charges if the borrower's payment is late because he or she
 - incurred additional expenses or loss of income due to the disaster, or
 - needs additional time to receive a pending insurance settlement.
- Finally, servicers should temporarily suspend the reporting of loan delinquencies to the credit bureaus if they are aware that the delinquency is attributable to a hardship as a result of the disaster.

Q8. What is the difference between "disaster relief" and "forbearance" and when should each be utilized?

Servicers may not be able to quickly contact a borrower following a disaster so Fannie Mae allows the servicer as much as 90 days to make this contact and determine the property and borrower situation. This is considered "disaster relief" and during this time, the servicer must report to Fannie Mae a delinquency status code of 42 – Delinquent. The servicer must receive Fannie Mae's approval before granting disaster relief that exceeds 90 days.

Once the servicer contacts the borrower or has inspected the property, and a servicer's review of the circumstances indicates that the property, borrower's employment, or borrower's income is seriously affected by a disaster, the servicer is authorized to offer a forbearance plan and report to Fannie Mae a delinquency status code of 9 – Forbearance.

Q9. What is forbearance?

A forbearance plan is one of the workout options that provides for a period of reduced or suspended payments, followed by either full reinstatement, mortgage loan payoff, or another workout option.

Q10. How long can a forbearance plan last?

Servicers can grant an initial forbearance plan that lasts up to 6 months.



Q11. Can the forbearance plan be extended and if so, for how long?

Yes, under some circumstances servicers can extend a forbearance plan. If the loan was current, less than or equal to 90 days delinquent, or performing on an active Trial Period Plan when the disaster occurred, the servicer may offer a successive forbearance without obtaining financial documentation from the borrower. The successive forbearance plan can last an additional 6 months, but cannot exceed 12 months.

Q12. Does the servicer need to report to the credit bureaus during a forbearance plan? UPDATED

No, the servicer must suspend the reporting of loan delinquencies to the credit bureaus while payments are suspended during an active forbearance plan for borrowers that are impacted by the disaster.

Q13. What actions must the servicer take at the end of the forbearance plan to help the borrower cure the delinquency?

Prior to the expiration of a forbearance plan, the servicer must evaluate the borrower for a workout option, such as a mortgage loan modification.

Q14. If a borrower submitted financial documentation for consideration of a workout option prior to being impacted by the disaster, how old can a borrower's income documentation be for further consideration after the disaster?

About 6 months. If a borrower has been impacted by a disaster, income documentation must be equal to or less than 180 days old at the time of the post-disaster evaluation for a workout option.

Q15. Should the servicer suspend foreclosure sales for properties and borrowers impacted by Hurricanes Harvey or Irma? UPDATED

Yes. If the servicer has any reason to believe that either of these hurricanes may have affected the condition of a property or the borrower's employment or income status, the servicer must suspend any foreclosure sales until December 31, 2017. The servicer is authorized to conduct foreclosure sales prior to December 31, 2017 only as to those properties that were identified as vacant or abandoned prior to either hurricane, provided a property inspection confirms no damage to the property or, if damaged, the property is not covered by insurance or is ineligible for any state or federal disaster relief.

When applicable, servicers must receive pre-approval to suspend the foreclosure sale by the mortgage insurer or guarantor to avoid jeopardizing benefits of any applicable insurance or guaranty.

The servicer must not initiate or complete foreclosure proceedings related to a property that has been destroyed until it evaluates the economic feasibility of pursuing the foreclosure.



Q16. Should the servicer initiate or suspend legal proceedings including foreclosures for a homeowner impacted by a disaster? **NEW**

For any disaster, if the servicer has any reason to believe that a disaster may have affected the condition of a property or the homeowner's employment or income status, the servicer must suspend any legal proceedings already in process until it can determine the accurate status, and make its final decision on the appropriate course of action based upon its findings.

Q17. What actions must the servicer take to protect the property?

To protect a property affected by a disaster, the servicer must:

- obtain complete details on the damage to the property and determine the needed repairs through conversations with the borrower. If borrower contact is not achieved, the servicer may need to order a property inspection.
- work with the borrower to ensure the proof of loss claim is filed within the time period specified by the insurance policy, and
- discuss any plans for repairing the property with the borrower.

If the servicer is unable to establish contact with the borrower or the property is abandoned, the servicer must ensure the property is maintained and secured by complying with Fannie Mae requirements.

Q18. What actions should the servicer and borrower take in filing an insurance or proof of loss claim?

The servicer must work with the borrower to ensure the proof of loss claim is filed within the time period specified by the insurance policy. If the servicer is unable to establish contact with the borrower, the servicer must contact the insurance carrier to determine whether the borrower has filed the proof of loss claim. If the borrower has not filed the claim, the servicer must file a proof of loss claim under the standard mortgagee clause.



Q19. How should the servicer disburse the insurance loss proceeds to the borrower to repair the property?

The servicer must disburse the insurance loss proceeds and determine if a licensed contractor is required based on the loan status at the time they receive notification of damage to the property.

Mortgage Loans Current or Less Than 31 Days Delinquent:

The servicer must follow the requirements described in the following table for a mortgage loan that is current or less than 31 days delinquent at the time the servicer receives notification of damage to the property.

| If the insurance proceeds are... | Then... | And... |
|---|---|---|
| less than or equal to \$20,000 | the servicer must determine if, based on the type of repairs (e.g., damage affecting the safety, soundness, or structural integrity of the property), a licensed contractor is required to restore or repair the property | the servicer is authorized to release the insurance loss proceeds payable only to the borrower. |
| greater than \$20,000, but less than \$40,000 | | the servicer must release the proceeds payable to both the borrower and the contractor - whether the contractor is licensed or not. |
| equal to or greater than \$40,000 | the servicer must ensure a licensed contractor is used to restore or repair the property | the servicer must: <ul style="list-style-type: none"> • release an initial disbursement of insurance loss proceeds up to the greater of \$40,000 or 10% of the UPB, • disburse any remaining funds in excess of the greater of \$40,000 or 10% of the UPB based on periodic inspections of the progress of the repair work, and • release all proceeds payable to both the borrower and the licensed contractor. |

Note: If the borrower has made advance payments to the contractor, then the servicer is authorized to reimburse the borrower by releasing insurance loss proceeds payable to only to the borrower as evidenced by paid receipts. Receipts are not necessary if the loss proceeds are less than or equal to \$20,000.

Mortgage Loans 31 Days or More Delinquent:

The servicer must take the actions described in the following for a mortgage loan that is 31 days or more delinquent at the time the servicer receives notification of damages. The servicer must ensure a licensed contractor is used to restore or repair the property and release insurance loss proceeds payable to the borrower and the licensed contractor.

| If the insurance loss proceeds are... | Then the servicer... |
|--|---|
| less than or equal to \$2,500 | is authorized to make the disbursement in one payment. |
| greater than \$2,500 | <ul style="list-style-type: none"> • must release an initial disbursement of insurance loss proceeds of 25% of the total insurance loss proceeds but no more than \$10,000, and • must disburse the remaining funds in increments not to exceed 25% of the insurance loss proceeds following inspection of the repairs. |



Q20. What additional actions does the servicer need to take for uninsured losses?

For uninsured loss events, the servicer must assist the borrower in filing for any disaster relief that may be available.

Q21. If a borrower's home is destroyed by a disaster, should the borrower continue to make monthly mortgage payments if possible?

Yes, if the borrower is able to continue make his or her contractual monthly payments, they should continue to do so.

Q22. What is the borrower's responsibility if the property is damaged but not destroyed?

Regardless of the amount of property damage, the borrower should work with his or her servicer to ensure the proof of loss claim is filed within the time period specified in the insurance policy. In addition, if the property needs repair, the borrower should work with contractors to make sure the repairs happen in a timely fashion.

Q23. Will Fannie Mae reimburse sellers/servicers for appraisals? **NEW**

No, Fannie Mae will not reimburse Sellers/Servicers for appraisals. However, we recently announced that we will reimburse both lenders and servicers for the costs associated with inspecting impacted properties. This is true for both loans currently being serviced and for loans in your origination pipeline earmarked for delivery to Fannie Mae. We are working to determine the best process for reimbursement of these expenses and will share more information with customers as it is available, ensuring the costs are not passed on to the borrowers.

Q24. Does the servicer need to report to the credit bureaus during a repayment plan or a Trial Period Plan that is related to a disaster? **NEW**

No, the servicer must suspend the reporting the loan to the credit bureaus during a performing repayment plan or Trial Period Plan.

Q25. What actions should a servicer take if loans impacted by Hurricanes Harvey or Irma are part of a pending servicing transfer? **NEW**

Servicers should remove loans secured by a property located within a FEMA-declared disaster area eligible for individual assistance from any pending post-delivery servicing transfer. If it can be determined that the property is not damaged and the borrower's ability to make further payments has not been adversely impacted by the disaster, servicers may include the loan in a future transfer. In the event a Request for Approval of Servicing or Subservicing Transfer (Form 629) has already been submitted to us that includes loans secured by a property located in such an area, servicers should submit an updated Form 629 requesting removal of the impacted loans as soon as possible.



Q26. When does a servicer need to submit a Report of Property Insurance Loss (Form 176) to Fannie Mae? NEW

Servicers are only required to submit Form 176 to us when they have:

- received notification of damages and that the borrower wants to repair or restore the property, but the foreclosure sale date has been scheduled and/or the property has been abandoned; or
- learned of the borrower's intent not to repair or restore the property.

Until December 31, 2017, we are extending the time for submission of Form 176 from 5 business days to 15 business days.

Q27. Which loans should servicers focus their inspection and property preservation efforts on? NEW

Servicers should focus their efforts in the counties that FEMA has declared as disaster areas.

Q28. When should a servicer inspect a property? NEW

Current Loans: Servicers must try to achieve Quality Right Party Contact (QRPC) to verify damage and determine borrower's intent on insurance filing and repairs. If the servicer is not able to achieve QRPC, then they must inspect the property using the Property Inspection Report (Form 30) and continue monthly property inspections unless the initial inspection shows no damage.

Delinquent and Occupied Loans (delinquent prior to and occupied as of the last inspection prior to the hurricane): Servicers must try to achieve Quality Right Party Contact (QRPC) to verify damage and determine borrower's intent on insurance filing and repairs. If the servicer is not able to achieve QRPC, then they must inspect of the property using the Property Inspection Report (Form 30) and continue weekly property inspections unless the initial inspection shows no damage then the servicer would return to regular monthly schedule.

Delinquent and Vacant Loans (delinquent prior to and vacant as of the last inspection prior to the hurricane): Immediately inspect the property using the Property Inspection Report (Form 30) and then bi-weekly inspections thereafter. The servicer must ensure that insurance claims are filed.

Q29. What repairs should a servicer undertake on impacted properties securing Fannie Mae loans? NEW

Current Loans: Fannie Mae is not requiring servicers to do repairs to properties securing current loans at this time. Fannie Mae is asking servicers to allow borrowers to make necessary repairs to their properties.

Delinquent and Occupied Loans (delinquent prior to and occupied as of the last inspection prior to the hurricane): Fannie Mae is not requiring servicers to do repairs to delinquent and occupied loans at this time. Fannie Mae is asking servicers to allow borrowers to make the repairs to their properties quickly.

Delinquent and Vacant Loans (delinquent prior to and vacant as of the last inspection prior to the hurricane): Immediately commence work necessary to preserve property in accordance with the requirements outlined in the Property Preservation Matrix and Reference Guide.



Q30. Are servicers allowed to protect and preserve Fannie Mae collateral and submit the bids after work completion? NEW

Per the Fannie Mae Property Preservation Guide and Matrix, servicers may use Bids After the Fact (BATF) to preserve Fannie Mae collateral on all work completed in urgent situations where delays may result in deterioration of the collateral.

Specific to discoloration, Servicers should utilize the \$2/square foot parameter to get the work completed and then submit a Bid After the Fact (BATF).

Q31. What should servicers do for a delinquent loan if the property is now a demolition candidate due to the nature of the repairs? NEW

Servicers should assess the condition and secure the property to avoid safety hazards, ensure a hazard insurance claim is filed and submit bids to demolish the property. Refer to the demolition section of the Property Preservation Matrix and Reference Guide for further direction.

Q32. Can servicers use Fannie Mae's relationships with vendors and suppliers to procure discounts on labor and materials? NEW

Home Depot is offering a special discount on their products in the impacted areas. Email property_preservation@fanniemae.com for further information.

Fannie Mae also utilizes vendors for inspection, preservation, and repair services. If servicers need contact information for these vendors, please email property_preservation@fanniemae.com for further information.

Q33. Will Fannie Mae reimburse for FEMA "disaster" inspections? NEW

Fannie Mae encourages servicers to utilize the standard [Form 30](#) reports as those inspections provide the information necessary to establish occupancy and to assess damage. The street view photos will be even more critical with disasters and servicers may request inspectors to take multiple street view photos. If servicers have already ordered FEMA inspections then Fannie Mae will reimburse the servicer.

Q34. How should servicers determine occupancy knowing that the borrower may not currently be living in the home but intends to return? NEW

Servicers should attempt to confirm the borrower's intent to return through call campaigns to contact the borrower, weekly inspections, and vacancy postings. If the home continues to appear vacant, it should be secured and repair work commenced.



NOTE: *For additional information, please check these Servicing Guide Sections related to Disaster Response:*

- B-5-01, Insured Loss Events
- B-5-02, Uninsured Loss Events
- C-4.1-02, Suspending Credit Bureau Reporting
- D1-3-01, Evaluating the Damage Caused by a Disaster
- D1-3-02, Providing Relief to a Borrower Who Is Affected by a Disaster
- D2-2-05, Receiving a Borrower Response Package
- D2-3.2-10, Fannie Mae Cap and Extend Modification for Disaster Relief
- F-1-16, Processing a Fannie Mae Cap and Extend Modification for Disaster Relief
- LL-2017-03: Servicing Policies for Mortgage Loans Impacted by Hurricane Harvey
- Property Preservation Matrix and Reference Guide
- D2-3.2-12, Fannie Mae Flex Modification
- F-1-36, Processing a Fannie Mae Flex Modification
- LL-2017-06: Additional Clarifications for Mortgage Loans Impacted by Hurricanes Harvey and Irma