



Disaster Relief – Single-Family Selling/ Servicing Frequently Asked Questions (FAQs)

Updated August 2, 2019

Fannie Mae stands with those affected by hurricanes, wildfires, and other disasters as they recover and rebuild their communities. We are focused on providing support and assistance during such times of crisis. We work with our customers, partners, and federal and local authorities to bring relief to homeowners in the immediate aftermath of such disasters, and are committed to helping families, neighborhoods, and communities recover in the months and years that follow.

We have standing policies in place to help lenders and servicers assist their customers who have been impacted by a disaster. For information and resources, see the following:

Resource	Applies to...
Disaster Relief page on our corporate website	Consumers, Business Partners, and Investors
Disaster Response page of our Single-Family website	Lenders and Servicers
<i>Selling Guide</i> topics <ul style="list-style-type: none"> • B2-3-05, Properties Affected by a Disaster • B3-4.3-07, Disaster Relief Grants or Loans • B4-1.4-10, Appraisal Waivers • B5-4-02, Disaster-Related Limited Cash-Out Refinance Flexibilities • B5-7-02, High LTV Refinance Underwriting, Documentation, and Collateral Requirements for the New Loan 	Lenders
<i>Servicing Guide</i> topics <ul style="list-style-type: none"> • 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 Impact of a Disaster Event and Assisting a Borrower • D2-2-05, Receiving a Borrower Response Package • D2-3.2-01, Forbearance Plan • D2-3.2-05, Fannie Mae Cap and Extend Modification for Disaster Relief • D2-3.2-06, Fannie Mae Flex Modification • F-1-13, Processing a Fannie Mae Cap and Extend Modification for Disaster Relief • F-1-28, Processing a Fannie Mae Flex Modification 	Servicers
Property Preservation Matrix and Reference Guide – Section 8, Damaged Properties / Disaster Impacted Properties	Servicers
Lender Letter LL-2017-09 , <i>Fannie Mae Extend Modification for Disaster Relief and Other Clarifications for Mortgage Loans Impacted by Disaster Events</i>	Servicers

Below are frequently asked questions and corresponding answers regarding our disaster policies. We regularly update this document – refer to the “NEW” or “UPDATED” notations after the question.

Contents

Selling-Related FAQs.....	2
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Selling-Related FAQs

Q1. Are lenders required to re-verify borrower employment on closed loans prior to delivery to Fannie Mae?

No. Lenders are not required to perform reverifications of a borrower’s employment prior to delivery. Requirements for verbal verification of employment and self-employment remain unchanged at 10 business days prior to the note date for employment income, and within 120 calendar days prior to the note date for self-employment income.

Q2. The age of credit documents is extended for impacted loans to allow additional time for loan closing. Does this apply to loans that have received income, employment, or asset validation through the DU validation service?

Loans that have income, employment, or assets that have been validated through the DU validation service, must continue to comply with the “close by” date specified in the DU Underwriting Findings report in order to retain the representation and warranty relief related to the specific component.

If lenders are unable to meet the “close by” date specified by DU, they can

- obtain an updated verification report from the vendor to extend the applicable “close by” date specified in the DU Underwriting Findings report; or
- use the original verification report obtained from the vendor to document income, employment, or assets (provided the report complies with standard *Selling Guide* requirements for verifications), and apply the age of document flexibility. In these cases, the loan is not eligible for representation and warranty relief.

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

Yes. There has been no change to our acceptance of HomeReady loans as a result of a 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. Will DU offer any appraisal waivers in disaster areas? **UPDATED**

Desktop Underwriter® (DU®) is updated periodically to incorporate ZIP codes included in Federal Emergency Management Administration (FEMA)-Declared Disaster Areas. We may also add areas impacted by other disasters or emergencies at our discretion. Properties in those ZIP codes are excluded from consideration for an appraisal waiver. It is possible that a ZIP code excluded from the DU appraisal waiver offer capability may cross over into an adjacent county that is not designated as a disaster area. Therefore, our ZIP code exclusion list may be more conservative than the actual impacted areas. Furthermore, DU is not aware of all disasters and the lender may need to obtain an appraisal even if DU offered an appraisal waiver. As a reminder, lenders may not exercise an appraisal waiver offer for properties impacted by a disaster for loans in process (not yet closed) as of the disaster. An appraisal must be obtained.

Appraisal Waiver Offers Following a Disaster: After Fannie Mae has received an acceptable appraisal that was performed following a disaster, that appraisal can serve as the basis for a future appraisal



waiver. DU may issue appraisal waiver offers in disaster areas as soon as 120 days following a disaster. Lenders may exercise these offers in accordance with the requirements in the *Selling Guide* [B4-1.4-10](#).

Q5. Do all loans in a disaster area have to be resubmitted to DU following a disaster, or only to those with an appraisal waiver offer? UPDATED

Loan casefiles must be resubmitted if:

- the property is in a FEMA-Declared Disaster Area eligible for Individual Assistance,
- there is an appraisal waiver offer in the DU Underwriting Findings report, and
- the loan has not closed yet.

Loans that were closed (and not yet sold to us) at the time of the disaster that had an appraisal waiver offer in the DU Underwriting Findings report, do not have to be resubmitted to DU. The lender must determine if the condition of the property materially changed and obtain a property inspection, if necessary. The lender may exercise the appraisal waiver when selling the loan to us.

Q6. If the borrower chooses to pay for repairs out of pocket because the cost of the insurance deductible exceeds the cost to repair, is the loan eligible for sale to Fannie Mae? If so, what does the lender need to do to document this scenario?

The *Selling Guide* does not currently address this particular scenario, but based on other policies and best practices, we will allow this. If the damage does not affect the safety, soundness, or structural integrity of the property, the loan may be eligible for sale to us provided 1) the lender obtains documentation of the professional estimates of the repair costs and 2) the borrower has sufficient funds on hand to guarantee the completion of the repairs. If the borrower took out additional debt (such as a personal loan, credit card, or home equity loan) to pay for the repairs, the lender must document the source of funds and include the liability in the borrower's debt-to-income ratio.

Q7. If the property sustained minor damage, such as downed fencing, damage to minor out-buildings like tool sheds, or other minor damage that does not impact safety, soundness, or structural integrity of the property, and the borrower chooses not to replace such items, is the loan still eligible for sale to Fannie Mae?

Yes, the loan may be eligible provided the decision to forego repairs or replacement does not result in violations to local building or property codes. Downed fencing is a good example of a damaged item a borrower may choose not to replace with the decision resulting in no material impact to the property or the loan's eligibility for sale to Fannie Mae. On the other hand, something like material damage to a garage or an in-ground swimming pool will likely need to be addressed by validating sufficient funds to repair or remediate prior loan delivery. (Lenders should also confirm that loans comply with any existing mortgage insurer policies, if applicable.)

Q8. At what point does the lender make their representations and warranties on the condition of the property?

The lender must make all representations and warranties through the end of the delivery process, which is the whole loan purchase date or MBS Settlement date (as applicable).

Q9. What if a portion of a condo or co-op project is impacted by a disaster – does the lender have to obtain a Project Eligibility Waiver in the event that some portion of the project has been affected?



Only the unit and the building in which the unit is located, must be assessed. If some portion of the project has been affected, a waiver is not required as long as the subject unit and building is not affected and meets collateral requirements.

- Q10. There is a trend in the market to send out drones to inspect affected areas. Would pictures taken from a drone after the hurricane be acceptable to determine if the property was damaged? (If the drone identifies a home that has damage then a physical inspector would go out.)**

We are not prescriptive about how the lender determines whether the property was damaged. We do not exclude drones, but the lender should vet any procedure carefully to make sure it is reliable.

- Q11. Some appraisers have asked about the acceptability of using a Catastrophic Disaster Area Inspection Report (CDAIR) for reinspections. It can be exterior only or interior/exterior. Is this acceptable?**

We are not prescriptive as to what mechanism the lender uses to determine the property condition. It needs to be sufficient for the lender to warrant “that the property is not damaged by fire, wind, or other cause of loss”. (*Selling Guide*, [B2-3-05](#), Properties Affected by a Disaster)

- Q12. If a borrower receives forbearance before the loan is sold to us, is the loan eligible for sale?**

No. Loans in forbearance are not eligible for sale to us. Such loans are considered “delinquent” and thus do not meet the requirements of the *Selling Guide*.

- Q13. Does Fannie Mae reimburse for the cost of appraisals and property inspections?**

No, Fannie Mae will not reimburse lenders or servicers for appraisals. We do reimburse servicers for the costs associated with inspecting impacted properties for loans that are currently being serviced. (Note: For disasters that occurred in 2017, we reimbursed lenders for inspections of properties obtained prior to loan delivery. We are not similarly reimbursing for 2018 disasters.) See Lender Letter [LL-2017-07](#), *Reimbursement for Property Inspections and Additional Servicing-Related Matters*, and our [website](#) for additional servicing information.)

- Q14. How does Fannie Mae view disaster relief grants or loans?**

We allow disaster relief grants or loans as reflected in the *Selling Guide* [B3-4.3-07](#). These are treated like any other grant or Community Seconds® loan. The lender must document compliance with our requirements accordingly. Additionally, loans with a monthly obligation are treated as a liability and included in the debt-to-income ratio in accordance with standard policy.

Servicing-Related FAQs

- Q15. Many borrowers evacuate 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?**

The servicer must remit interest to Fannie Mae on scheduled/actual remittance type mortgage loans and must remit P&I on scheduled/scheduled remittance type mortgage loans regardless of whether it actually receives payments from the borrower. For a delinquent mortgage loan, the servicer must advance the remittance until the delinquent mortgage loan is reclassified as actual/actual remittance or removed from the MBS pool. For additional information, see *Servicing Guide* [C-3-01, Responsibilities Related to P&I Funds to Fannie Mae](#).



Q16. 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.

Q17. What initial actions does Fannie Mae require servicers to take in response to a disaster?

When evaluating the extent and nature of the property damage:

When the servicer becomes aware that a disaster event has occurred, it must determine the extent and nature of the damage to any property securing a mortgage loan in the disaster area (regardless of whether the property is in a FEMA-Declared Disaster Area eligible for Individual Assistance) through reasonable means, including but not limited to:

- obtaining information from the borrower, or
- performing a property inspection when necessary.

NOTE: The servicer is authorized, but not required to, attempt to contact the borrower or perform a property inspection if the mortgage loan is current at the time of the disaster event and remains current following the disaster event.

For more information see *Servicing Guide* [D1-3-01, Evaluating the Impact of a Disaster Event](#).

Providing assistance to a borrower:

- If the borrower's hardship is due to a disaster event and the mortgage loan is 31 or more days delinquent, the servicer is authorized to offer an initial forbearance plan term of up to 3 months without achieving QRPC if its review of the facts and circumstances (which may result from establishing contact with the borrower and/or other means, such as a property inspection) indicates that the property, the borrower's employment, or the borrower's income is seriously affected by a disaster event. The servicer must continue attempts to achieve QRPC during this initial 3-month forbearance plan term.

For more information see *Servicing Guide* [D2-3.2-01, Forbearance Plan](#).

Credit bureau reporting:

- The servicer must suspend reporting the status of a mortgage loan to credit bureaus even though payments are past due as long as the delinquency occurs during an active forbearance, repayment plan, or Trial Period Plan where the borrower is making the required payments as agreed and is directly attributable to a disaster event.

For more information, see *Servicing Guide* [C-4.1-02, Suspending Credit Bureau Reporting](#).

Q18. What is a forbearance plan?

A forbearance plan is a retention workout option for borrowers with a temporary unresolved hardship that provides for a period of reduced or suspended payments. A forbearance plan may be followed by either a full



reinstatement, mortgage loan payoff, or another workout option to enable the borrower to resolve the delinquency. The delinquency status code for reporting a forbearance plan to Fannie Mae is 09.

For more information see [Servicing Guide D2-3.2-01, Forbearance Plan](#) and [F-1-22, Reporting a Delinquent Mortgage Loan via Fannie Mae's Servicing Solutions System](#).

Q19. How long can a forbearance plan last?

The servicer is authorized to grant an initial forbearance plan that lasts up to 6 months if the eligibility criteria for a forbearance plan is met as described in the *Servicing Guide*. However, the servicer is authorized to offer an initial forbearance plan of up to 3 months without achieving QRPC if the borrower has a hardship due to a disaster event and the mortgage loan is 31 or more days delinquent.

Q20. Can the forbearance plan be extended and if so, for how long?

Offering a Forbearance Post-Disaster		
	QRPC Achieved	No QRPC Achieved
<i>Documentation</i>	No BRP required; however, hardship must be attributable to a disaster event.	
<i>Delinquency Status</i>	Mortgage loan may be up to 11 months delinquent.	Mortgage loan must be 31 or more days delinquent.
<i>Initial Term*</i>	Initial plan term of up to 6 months.	Initial plan term of up to 3 months. <i>NOTE: If an initial plan term of up to 3 months with no QRPC is offered and QRPC is later achieved, the servicer is authorized to grant an additional 3 months (up to 6 months total) as part of the initial term.</i>
<i>Contact Requirements</i>	Must begin contact attempts no later than 30 days prior to the expiration of any plan term and continue outreach attempts until QRPC is achieved or plan term has expired.	
	Determine if hardship is resolved, borrower's intention for property, and whether a complete BRP is required for the borrower to be evaluated for other workout options.	Determine if borrower is eligible for Flex Modification and solicit if so.
<i>Extension Beyond Initial Term*</i>	Up to 6 additional months.	No extension allowed.
<i>Maximum Term</i>	Not to exceed a cumulative total term of 12 months or a delinquency greater than 12 months.	Not to exceed an initial plan term of up to 3 months.

Yes, the servicer is authorized to grant an extension of the initial forbearance plan term of up to 6 months. The servicer must receive Fannie Mae's prior written approval for a forbearance plan to exceed a



cumulative term of 12 months as measured from the start date of the initial forbearance plan, or result in the mortgage loan becoming greater than 12 months delinquent.

For more information see *Servicing Guide* [D2-3.2-01, Forbearance Plan](#).

Q21. What actions must the servicer take at the end of the forbearance plan to help the borrower cure the delinquency?

The servicer must begin attempts to contact the borrower no later than 30 days prior to the expiration of any forbearance plan term and must continue outreach attempts until either QRPC is achieved or the forbearance plan term has expired.

If QRPC...	Then the servicer must determine...
is achieved	<ul style="list-style-type: none">• if the borrower's hardship has been resolved,• the borrower's intention with respect to the property, and• whether the borrower needs to submit a complete BRP to be evaluated for other workout options.
is not achieved	if the borrower is eligible for a Fannie Mae Flex Modification and, if eligible, the servicer must solicit the borrower in accordance with D2-3.2-06, Fannie Mae Flex Modification .

For more information see *Servicing Guide* [D2-3.2-01, Forbearance Plan](#).

Q22. 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?

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, and the evaluation must occur prior to the expiration of any forbearance period granted to the borrower affected by a disaster. For more information see *Servicing Guide* [D2-2-05, Receiving a Borrower Response Package](#).

Q23. Should the servicer suspend legal proceedings or foreclosure sales if a property or borrower's employment or income status has been impacted by a disaster?

If the servicer has any doubt about the effect of the disaster event on the condition of a property or the borrower's employment or income status, it must suspend any legal proceedings, including foreclosure 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. The servicer must contact its Fannie Mae Servicing Representative to obtain written approval before granting a suspension that exceeds 90 days.

For more information see *Servicing Guide* [D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower](#).

Q24. 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 in the insurance policy and monitor the disbursement of insurance loss proceeds. 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 and collect the insurance loss proceeds on Fannie Mae's behalf.

For more information see *Servicing Guide* [B-5-01, Insured Loss Events](#).

Q25. 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 the disaster event occurred. The following requirements only apply to borrowers where the property securing the mortgage loan, or the borrower's place of employment, is located in a FEMA-Declared Disaster Area eligible for Individual Assistance impacted by a disaster on or after August 25, 2017. Refer to Lender Letter [LL-2017-09](#) under *Disbursing Hazard Loss Draft Proceeds* for disasters. Refer to *Servicing Guide* [B-5-01, Insured Loss Events](#) for the requirements for disbursing insurance loss proceeds to other borrowers excluding of disaster events.

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 was current or less than 31 days delinquent when the disaster event occurred.

If the insurance loss proceeds are...	Then...	And...
less than or equal to \$40,000	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 \$40,000	<p>the servicer must ensure a licensed contractor is used to restore or repair the property</p> <p><i>NOTE: In the event that a state or jurisdiction does not require licensing of contractors, the servicer must ensure the contractor is bonded and insured for an amount equal to or greater than the insurance loss proceeds.</i></p>	<p>the servicer must</p> <ul style="list-style-type: none"> • release an initial disbursement of insurance loss proceeds up to the greater of <ul style="list-style-type: none"> ○ \$40,000; ○ 33% of the insurance loss proceeds; or ○ the amount by which the release funds exceed the sum of the UPB, accrued interest, and advances on the mortgage loan; • disburse any remaining funds 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 insurance loss proceeds are less than or equal to \$40,000.*

The servicer is required to conduct a final inspection to ensure all repairs are completed. If the insurance loss proceeds are less than or equal to \$20,000, a final inspection is not required. If cosmetic/non-structural work items totaling less than \$5,000 are outstanding at the time of final inspection, the inspection can be considered final and the inspector must note any unfinished items with estimated completion dates.

In the event that a state or jurisdiction does not require licensing of contractors, the servicer may satisfy this requirement by ensuring the contractor is bonded and insured for an amount equal to or greater than the insurance loss proceeds.

Mortgage Loans 31 Days or More Delinquent

The servicer must take the actions described in the following table for a mortgage loan that was 31 days or more delinquent when the disaster event occurred.

✓	Without regard to the amount of the loss proceeds, the servicer must...
	<p>Ensure a licensed contractor is used to restore or repair the property.</p> <p>NOTE: <i>In the event that a state or jurisdiction does not require licensing of contractors, the servicer may satisfy this requirement by ensuring the contractor is bonded and insured for an amount equal to or greater than the insurance loss proceeds.</i></p>
	<p>Release insurance loss proceeds payable to the borrower and the licensed contractor.</p> <p>NOTE: <i>If the borrower has made advance payments to the licensed contractor, the servicer is authorized to reimburse the borrower by releasing the insurance loss proceeds payable to the borrower only if the borrower provides the servicer with receipts confirming the advance payments were made and that the work has been completed.</i></p>
	Evaluate the borrower for a workout option in accordance with <i>Servicing Guide</i> D2-3.1-01, Determining the Appropriate Workout Option .

The servicer must disburse the insurance loss proceeds as outlined in the following table.

If the insurance loss proceeds are...	Then the servicer...
less than or equal to \$5,000	is authorized to make the disbursement in one payment.



greater than \$5,000	<ul style="list-style-type: none">• must release an initial disbursement of insurance loss proceeds of<ul style="list-style-type: none">○ 25% of the total insurance loss proceeds but no more than \$10,000, or○ the amount by which the release funds exceed the sum of the UPB, accrued interest and advances on the mortgage loan; and• must disburse the remaining funds in increments not to exceed 25% of the insurance loss proceeds following inspection of the repairs.
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The servicer is required to conduct a final inspection to ensure all repairs are completed.

Q26. Are there any actions that the servicer must take for uninsured losses that are not required for insured losses?

For uninsured loss events, the servicer must assist the borrower in filing for any disaster relief that may be available in accordance with *Servicing Guide* [D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower](#). For more information see *Servicing Guide* [B-5-02, Uninsured Loss Events](#).

Q27. Is the servicer required to report uninsured losses to Fannie Mae?

No. The servicer is not required to send its Fannie Mae Servicing Representative a complete report of the damage for uninsured loss events. However, the servicer must maintain appropriate documentation on the loss within the loan file. This was introduced in Lender Letter [LL-2017-07](#).

Q28. 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 making his or her contractual monthly payments, he or she should continue to do so.

Q29. In Lender Letter [LL-2017-09](#), Fannie Mae introduced the Extend Modification for Disaster Relief (Extend Mod). It was noted in this Lender Letter that Extend Mod is a temporary solution. Lender Letter [LL-2018-04, Disaster Policy Reminders and Updates](#), indicates the Extend Mod is extended into 2018 and is effective until Fannie Mae provides further notice. Does this include disasters that occurred in 2018?

Extend Mod is a post-disaster forbearance mortgage loan modification meant to assist borrowers where the property securing the mortgage loan or the borrower's place of employment is located in a FEMA-Declared Disaster Area eligible for Individual Assistance. This policy extended into 2018 and includes disasters that occurred in 2017 and 2018.



Q30. What actions should a servicer take if loans impacted by a hurricane are part of a pending servicing transfer?

The “Temporary Suspensions of Servicing Transfers” guidance referenced in Lender Letter [LL-2017-06](#), *Additional Clarifications for Mortgage Loans Impacted by Hurricanes Harvey and Irma*, is not mandatory. We will rely solely on the transferor and transferee servicers to determine whether or not a loan should remain in a pending post-delivery servicing transfer and will not deny the transfer if loans secured by a property located within a FEMA-Declared Disaster Area eligible for Individual Assistance are included. The transferor and transferee servicers should jointly evaluate a pending post-delivery servicing transfer and consider removing loans secured by such properties if it believes that a borrower may be negatively impacted by the transfer. In the event a *Request for Approval of Servicing or Subservicing Transfer* ([Form 629](#)) has already been submitted to us and the servicer determines loans should be removed from the transfer request, it should submit an updated Form 629 as soon as possible.

Q31. When does a servicer need to submit a Report of Property Insurance Loss (Form 176) to Fannie Mae?

Servicers are only required to submit [Form 176](#) to us when they have:

- learned the borrower wants to repair or restore the property and the mortgage loan is for a property that has been abandoned and/or has a scheduled foreclosure sale date; or
- when the borrower does not want to repair or restore the property.

For more information see *Servicing Guide* [B-5-01, Insured Loss Events](#).

Q32. When should a servicer inspect a property? What are the servicer’s property inspection responsibilities when the servicer learns the property is damaged by a disaster?

If at the time of the disaster the mortgage loan is...	Then the servicer must...
Current	Follow applicable <i>Servicing Guide</i> requirements, depending on whether the damage is an insured or uninsured loss and/or whether emergency repairs are needed.
Delinquent and the property is occupied	Continue at least monthly property inspections until the damage is remediated or the property is identified as vacant.



	<p>After the damage is remediated follow applicable <i>Servicing Guide</i> requirements, or after the property is identified as vacant, follow the vacant property guidelines within this table.</p> <p>The servicer must conclude the property is vacant if the borrower has advised as such. The servicer may also use a vacancy notice posting where law allows. The servicer must immediately secure the property once it concludes the property is vacant.</p>
Delinquent and the occupancy status is unknown	<p>Continue at least monthly property inspections until the damage is remediated or the property is identified as vacant or occupied. After the damage is remediated, follow applicable <i>Servicing Guide</i> requirements. Once the property is identified as vacant, the servicer must follow the vacant property guidelines within this table.</p> <p>The servicer must conclude the property is vacant if the borrower has advised as such. The servicer may also use a vacancy notice posting where law allows. The servicer must immediately secure the property once it concludes the property is vacant.</p>
Delinquent and the property is vacant	Immediately commence work necessary to inspect and preserve the property

For more information see [Property Preservation Matrix and Reference Guide](#), Section 8.

Q33. What repairs should a servicer undertake on impacted properties securing Fannie Mae loans?

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, or the occupancy status is unknown, 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.

Q34. Are servicers allowed to protect and preserve Fannie Mae collateral and submit the bids after work completion?

Servicers are encouraged to address urgent conditions immediately and use the Bid After the Fact (BATF) process, per the [Property Preservation Matrix and Reference Guide](#), to preserve Fannie Mae collateral where delays may result in deterioration of the collateral. We will give deference to servicer decisions on such repairs and will approve BATF requests as long as the repairs and associated costs keep with the intended spirit of our disaster assistance policies and are not materially unreasonable or unnecessary.

Specific to discoloration, servicers should utilize the \$2/square foot parameter to get the work completed and then submit a BATF.



See [Property Preservation Matrix and Reference Guide](#) Sections 8 and 12 for more information.

Q35. What should servicers do for a delinquent loan if the property is now a demolition candidate due to the nature of the repairs?

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 as well as Section 8 for more information.

Q36. Can servicers use Fannie Mae's relationships with vendors and suppliers to procure discounts on labor and materials?

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

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

Q37. Will Fannie Mae reimburse for FEMA “disaster” inspections?

When inspecting impacted properties, the servicer must utilize the standard [Form 30](#) property inspection report or equivalent, 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. However, if the servicer already ordered a FEMA inspection on or before September 21, 2017, then Fannie Mae will reimburse the servicer for those costs. This was originally introduced in Lender Letter [LL-2017-07](#).

Q38. How should servicers determine occupancy knowing that the borrower may not currently be living in the home but intends to return?

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. This was originally introduced in Lender Letter [LL-2017-07](#).

Q39. When a servicer is offering a borrower a forbearance can they also advise the borrower of the workout options available to them to help bring the loan current after the forbearance period?

Yes, the servicer must advise the borrower of Fannie Mae's workout options including Fannie Mae's repayment plan, Extend Modification for Disaster Relief, Cap and Extend Modification for Disaster Relief, and Flex Modification.

Q40. Do the normal eligibility exclusions for a modification apply to a borrower impacted by a disaster, for example, the loan must have been originated at least 12 months prior to the evaluation?



If the borrower was current or less than 31 days delinquent when the disaster occurred, the property or the borrower's place of employment is located in a FEMA-Declared Disaster Area eligible for Individual Assistance, and a forbearance has been granted as a result of the disaster, the following eligibility exclusions do **NOT** apply when evaluating a borrower for a modification:

- the loan must have been originated at least 12 months prior to the evaluation date for the modification,
- the loan must not have been modified three or more times previously,
- the borrower must not have failed a Trial Period Plan within 12 months' of being evaluated for eligibility for a Fannie Mae Flex Modification, and
- the mortgage loan must not have received a modification and become 60 days or more delinquent within the first 12 months of the effective date of the mortgage loan modification without being reinstated.

Q41. If a loan has completed a Fannie Mae HAMP Modification and is placed on a forbearance plan related to a disaster event, how should the servicer report the loan to Treasury to avoid the borrower losing "good standing?"

Per the *Servicing Guide* [D2-4-03, Reporting Certain Workout Options to Treasury](#), the servicer must follow Treasury's reporting requirements available on [HMPAdmin.com](#).

Q42. For a Fannie Mae Cap and Extend Modification for Disaster Relief, if after capitalizing the arrearage and setting the modified interest rate the modified P&I payment is less than the current pre-modification P&I payment based on the current term, should the servicer adjust the term?

No, if after capitalizing the arrearage and setting the modified interest rate (steps 1 and 2 in *Determining the New Modified Mortgage Loan Terms* in the *Servicing Guide* [F-1-13, Processing a Fannie Mae Cap and Extend Modification for Disaster Relief](#)) the modified P&I payment is less than the current pre-modification P&I payment based on the current term, the servicer must not adjust the term.

This situation could occur if the borrower has made one or more principal curtailments prior to the disaster event or has an ARM or step-rate loan that results in a modified interest rate that is less than the existing interest rate.

Q43. For a Fannie Mae Extend Modification for Disaster Relief, can the modified P&I payment change from the current pre-modification P&I payment?

Yes, the monthly P&I payment is subject to change for an ARM or a step-rate loan because the mortgage loan is modified to a fixed-rate, and the interest-bearing UPB subsequently is re-amortized over the extended term. However, for a fixed-rate loan the monthly P&I will not change because arrearages are not capitalized and the loan is not re-amortized. Fannie Mae Extend Modification for Disaster Relief was introduced in Lender Letter [LL-2017-09](#).



Q44. Is a borrower eligible for a Fannie Mae Flex Modification if they failed a Trial Period Plan, or permanent modification, for a Fannie Mae Cap and Extend Modification for Disaster Relief or Extend Modification for Disaster Relief?

Yes, the borrower may be eligible for a Fannie Mae Flex Modification. A borrower's failure of a Trial Period Plan, or permanent modification, for a Fannie Mae Cap and Extend Modification for Disaster Relief or Extend Modification for Disaster Relief, does not count as a prior modification in the context of eligibility for a Flex Modification (see Unique Requirements for a Borrower Impacted by a Disaster Event in [D2-3.2-06, Fannie Mae Flex Modification](#) and Lender Letter [LL-2017-09](#)).