



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

Updated October 18, 2017

Fannie Mae stands with the many millions affected by the recent hurricanes 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 our policies and information available for providing assistance to families and communities impacted by all hurricanes occurring in the U.S. and its territories on or after August 25, 2017 and through the 2017 hurricane season. As **NEW** information becomes available, we will update this FAQs document.

For additional information and resources, please visit the following:

- Fannie Mae’s Hurricane Relief [page](#) on our website for Consumers, Business Partners, and Investors
- Disaster Relief [page](#) of our Single-Family website
- [Lender Letter LL-2017-07: Selling/Servicing Policies \(All Hurricanes\)](#)
- [Lender Letter LL-2017-06: Selling/Servicing Policies \(Harvey, Irma\)](#)
- [Lender Letter LL-2017-04: Selling Policies \(Harvey\)](#)
- [Lender Letter LL-2017-03: Servicing Policies \(Harvey\)](#)

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## General FAQs

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

We have standing policies in place to help lenders and servicers assist their customers who have been impacted by a natural disaster. We also announced additional flexibilities in numerous Lender Letters. A few of the notable updates we announced for the 2017 hurricanes are:

- To reduce the burden on customers, we 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. Servicers should request reimbursement for these inspection costs under the normal process they follow today using Fannie Mae’s expense reimbursement system. Additional information can be found on our [website](#).



- 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 quality right party contact (QRPC) with the homeowner or with approval from Fannie Mae.
- For properties impacted by a hurricane on or after August 25, 2017, servicers must suspend any foreclosure sale for all homeowners 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.
- We updated Desktop Underwriter® (DU®) to incorporate the ZIP codes included in the FEMA-declared disaster areas eligible for individual assistance for Hurricanes Harvey and Irma. Loans submitted to DU within these ZIP codes will be excluded for consideration for a Property Inspection Waiver (PIW). We will continue to monitor disaster-impacted areas as damage assessments continue and may update the list of impacted ZIP codes used by DU to determine PIW eligibility.

**Q2. How is Fannie Mae assessing the impact of the recent hurricanes? UPDATED**

The hurricanes 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, Irma, Maria, and Nate.

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 all of the disaster policies applicable to all the hurricanes – Harvey, Irma, Maria, and Nate? NEW**

Yes. The majority of our disaster policies are standard policies that are described in the *Selling and Servicing Guides*. All other flexibilities announced in the recent hurricane-related Lender Letters apply to all the hurricanes that have occurred in 2017, and will be extended to any additional hurricanes that occur the remainder of 2017.

## **Selling-Related FAQs**

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

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.



**Q5. The age of credit documents has been 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? **NEW****

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.

**Q6. 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 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](#).

**Q7. Will DU offer any PIWs in the disaster areas? **NEW****

We updated DU to incorporate the ZIP codes included in the FEMA-declared disaster areas eligible for individual assistance for Hurricanes Harvey and Irma. Loans submitted to DU within these ZIP codes will be excluded for consideration for a PIW. No changes were necessary for Hurricane Maria since PIWs are not currently available for the U.S. Virgin Islands or Puerto Rico. We are monitoring FEMA declarations for Hurricane Nate and will update DU accordingly.

It is possible that a ZIP code excluded from the DU PIW 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.

As a reminder, lenders may not exercise a PIW offer for properties impacted by a disaster for loans in process (not yet closed) as of the disaster.

**Q8. Lender Letter LL-2017-04 stated that loan casefiles that may have been impacted by Hurricane Harvey must be resubmitted to DU. Do all loans in the disaster area have to be resubmitted, or only to those with a PIW? **NEW****

Loan casefiles must be resubmitted if:

- the property is in a FEMA-declared disaster area eligible for individual assistance,
- there is a PIW offer in the DU Underwriting Findings report, and
- the loan has not closed yet.

This applies to any property impacted by one of the recent hurricanes, and any other FEMA-declared disaster area eligible for individual assistance.



Loans that were closed (and not yet sold to us) at the time of the disaster that had a PIW 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 PIW when selling the loan to us.

Note that these requirements are not applicable to DU Refi loans and Refi Plus loans. Lenders may exercise a property fieldwork waiver (a “PIW” for DU Refi Plus loans) if DU offered it.

**Q9. 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? NEW**

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.

**Q10. 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? NEW**

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 homeowner 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.

**Q11. At what point does the lender make their representations and warranties on the condition of the property? NEW**

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).

**Q12. Lender Letter LL-2017-06 states that the condo or co-op unit and the building in which the unit is located must be assessed to determine if the condition has materially changed. Does the lender have to obtain a Project Eligibility Waiver in the event that some portion of the project has been affected? NEW**

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.



- Q13. 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.) NEW**

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.

- Q14. 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? NEW**

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)

- Q15. If a borrower receives forbearance before the loan is sold to us, is the loan eligible for sale? NEW**

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*.

## Servicing-Related FAQs

- Q16. 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.

- Q17. 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.

- Q18. 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.

**Q19. 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.

**Q20. What is forbearance? UPDATED**

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, such as a repayment plan or loan modification.

**Q21. How long can a forbearance plan last?**

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

**Q22. 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.



**Q23. Does the servicer need to report to the credit bureaus during a forbearance plan?**

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.

**Q24. 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.

**Q25. 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.

**Q26. Should the servicer suspend foreclosure sales for properties and borrowers impacted by Hurricanes Harvey, Irma, Maria, or Nate? **UPDATED****

Yes. If the servicer has any reason to believe that any of these hurricanes (or even others which may occur subsequently in the 2017 hurricane season) 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.

**Q27. Should the servicer initiate or suspend legal proceedings including foreclosures for a homeowner impacted by a disaster?**

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.

**Q28. 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.

**Q29. 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.

**Q30. 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.

<b>If the insurance proceeds are...</b>	<b>Then...</b>	<b>And...</b>
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"> <li>• release an initial disbursement of insurance loss proceeds up to the greater of \$40,000 or 10% of the UPB,</li> <li>• 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</li> <li>• release all proceeds payable to both the borrower and the licensed contractor.</li> </ul>

**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.

<b>If the insurance loss proceeds are...</b>	<b>Then the servicer...</b>
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"><li>• must release an initial disbursement of insurance loss proceeds of 25% of the total insurance loss proceeds but no more than \$10,000, and</li><li>• must disburse the remaining funds in increments not to exceed 25% of the insurance loss proceeds following inspection of the repairs.</li></ul>

**Q31. 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.

**Q32. Does the servicer have to report uninsured losses to Fannie Mae? **NEW****

No. The servicer is not required to send its Fannie Mae Servicing Representative a complete report of the damage for uninsured loss events. We removed that requirement in Lender Letter LL-2017-07. However, the servicer must maintain appropriate documentation on the loss within the loan file.

**Q33. 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.

**Q34. 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.

**Q35. Will Fannie Mae reimburse for the cost of appraisals? **UPDATED****

No, Fannie Mae will not reimburse lenders or 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 that are sold to Fannie Mae.



**Q36. Can correspondents obtain reimbursement for property inspections? **NEW****

Lenders, including direct sellers and correspondents who have incurred property inspection costs on newly originated loans, will work with the servicer of record to seek reimbursement. For these loans as well as those currently being serviced, servicers should request reimbursement for inspection costs using the normal process they follow today using Fannie Mae's expense reimbursement system.

**Q37. 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?**

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

**Q38. What actions should a servicer take if loans impacted by a hurricane are part of a pending servicing transfer? **UPDATED****

The "Temporary Suspensions of Servicing Transfers" guidance referenced in Lender Letter LL-2017-06 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.

**Q39. 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:

- 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.

**Q40. Which loans should servicers focus their inspection and property preservation efforts on?**

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

**Q41. When should a servicer inspect a property? **UPDATED****

**Current Loans:** Servicers must try to establish contact with the homeowner to verify damage, and determine the homeowner's intent on filing an insurance claim and completing necessary repairs. If the servicer is not able to establish contact with the homeowner, then the servicer must inspect the



property. If the initial inspection report shows damage, the servicer must continue monthly property inspections (or more frequent when necessary) until the damage is remediated.

**Delinquent and Occupied Loans (delinquent prior to and occupied, or the occupancy status is unknown, as of the last inspection prior to the hurricane):** Servicers must try to achieve QRPC to verify damage and determine the borrower's intent on filing an insurance claim and completing necessary repairs. If the servicer is not able to achieve QRPC, then the servicer must inspect the property and continue weekly property inspections until the damage is remediated. After the damage is remediated or if the initial inspection shows no damage, the servicer must follow existing *Servicing Guide* requirements for property inspections.

**Delinquent and Vacant Loans (delinquent prior to and vacant as of the last inspection prior to the hurricane):** The servicer must immediately inspect the property. If the initial inspection report shows damage, the servicer must continue bi-weekly inspections until the damage is remediated. After the damage is remediated or if the initial inspection shows no damage, the servicer must follow existing *Servicing Guide* requirements for property inspections. The servicer must ensure that insurance claims are filed.

The servicer must complete necessary inspections using the *Property Inspection Report* (Form 30) or equivalent. The servicer may exercise discretion in determining whether an interior or exterior property inspection is appropriate depending on the individual circumstances.

**Q42. Does the servicer have any flexibility in determining when to inspect current loans secured by properties located in FEMA-declared disaster areas eligible for individual assistance? NEW**

Yes. We previously issued guidance generally requiring inspections on all impacted current loans for which the servicer is unable to establish contact with the homeowner (see Lender Letter LL-2017-07 and Q41 above). We are clarifying that servicers have some flexibility depending on the circumstance.

If the servicer has not had contact with a homeowner who is current, the servicer generally must perform an inspection to verify the property condition. However, if the servicer has been in contact with the homeowner, it may use information the homeowner has communicated to determine the condition of the property in lieu of an inspection. In addition, if the servicer experiences capacity constraints internally and/or with property inspectors, reasonable means may be used to reduce the current loan population to be inspected to those loans where damage is suspected. For example, servicers may use predictive modeling data estimating the likelihood of damage in a particular area (ZIP code, county, etc.) to determine whether inspections are necessary.

If the homeowner reports significant damage to the servicer or an inspection shows significant damage, the servicer must perform inspections at least monthly until the damage is remediated.

**Q43. Fannie Mae's guidance on disaster inspection frequency varies depending on the payment status and occupancy status of the property. Can servicers deviate from the prescribed frequencies? NEW**

Yes, servicers may choose to deviate from the prescribed inspection requirements provided they obtain inspections at least once per month until the property is no longer damaged. The guidance described in Q41 serves as a best practice and should be used at the servicer's discretion.



**Q44. What repairs should a servicer undertake on impacted properties securing Fannie Mae loans? UPDATED**

**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.

**Q45. Are servicers allowed to protect and preserve Fannie Mae collateral and submit the bids after work completion? UPDATED**

Servicers are encouraged to address urgent conditions immediately and use the Bid After the Fact (BATF) process, per the *Fannie Mae Property Preservation Guide and Matrix*, 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.

**Q46. 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.

**Q47. Can servicers use Fannie Mae's relationships with vendors and suppliers to procure discounts on labor and materials? UPDATED**

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](mailto: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](mailto:property_preservation@fanniemae.com) for further information.

**Q48. Will Fannie Mae reimburse for FEMA "disaster" inspections? UPDATED**

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.

**Q49. 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.

**Q50. When a servicer is offering a borrower a disaster forbearance can they also advise the borrower of the workout options available to them to help bring the loan current after the forbearance period? **NEW****

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

**Q51. 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? **NEW****

If the borrower was current or less than 31 days delinquent when the disaster occurred, the property is located in a FEMA-declared disaster area eligible for individual assistance, and a disaster-related forbearance has been granted, 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.

**Q52. 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 homeowner losing "good standing"? **NEW****

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](http://HMPAdmin.com).

**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
- D2-3.2-12, Fannie Mae Flex Modification
- F-1-16, Processing a Fannie Mae Cap and Extend Modification for Disaster Relief
- F-1-36, Processing a Fannie Mae Flex Modification
- Property Preservation Matrix and Reference Guide