



Lender Letter LL-2018-04

July 18, 2018

To: All Fannie Mae Single-Family Servicers

Disaster Policy Reminders and Updates

In response to servicer inquiries related to recent and potential disasters, such as hurricanes and wildfires, we are providing this Lender Letter with reminders and additional guidance to servicers to assist homeowners impacted by a disaster.

This Lender Letter provides information about the following topics:

- Reimbursement of Insured Loss Repair Inspection Costs
- Inspecting Disaster-Impacted Properties
- Fannie Mae Extend Modification for Disaster Relief
- Disbursing Hazard Loss Draft Proceeds

Reimbursement of Insured Loss Repair Inspection Costs

We are reminding servicers that pursuant to *Servicing Guide* [B-5-01, Insured Loss Events](#) and [F-1-05, Expense Reimbursement](#), we will reimburse servicers for inspections required to confirm repairs on properties with an insured loss event for both current and delinquent mortgage loans. With this Lender Letter, we are increasing the maximum reimbursement limit from \$30 to \$60 for each required insured loss repair inspection completed on or after the date of this Lender Letter. Servicers may begin submitting requests for reimbursement for eligible inspection costs at the new \$60 limit on September 15, 2018. This change will be incorporated into a future *Servicing Guide* update.

Inspecting Disaster-Impacted Properties

We are also reminding servicers of their responsibility to determine the extent and nature of any property damage pursuant to *Servicing Guide* [D1-3-01, Evaluating the Damage Caused by a Disaster](#), which may include inspecting the property. In [LL-2017-07, Reimbursement for Property Inspections and Additional Servicing-Related Reminders](#), we provided temporary guidance regarding properties impacted by a hurricane on or after August 25, 2017, and through the 2017 hurricane season. In particular, we stated that for both current and delinquent mortgage loans, we will reimburse servicers up to our existing allowable reimbursement limits for the costs to inspect these properties when necessary to determine the extent and nature of the damage.

With this Lender Letter, we are making this temporary guidance permanent effective immediately. Additionally, we are expanding the updated policy to apply to any property impacted by a disaster, as defined in the *Servicing Guide*. This change will be incorporated into a future *Servicing Guide* update.

Fannie Mae Extend Modification for Disaster Relief

In [LL-2017-09, Fannie Mae Extend Modification for Disaster Relief and Other Clarifications for Mortgage Loans Impacted by Disaster Events](#), Fannie Mae introduced the Fannie Mae Extend Modification for Disaster Relief (Extend Mod), developed jointly with Freddie Mac at the direction of the Federal Housing Finance Agency (FHFA). 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 Federal Emergency Management Administration (FEMA)-Declared Disaster Area eligible for Individual Assistance. This policy extends into 2018 and is effective until Fannie Mae provides further notice.



Disbursing Hazard Loss Draft Proceeds

In an effort to get insurance proceeds for insured loss events to the borrower as expeditiously as possible, we released changes to our hazard loss draft disbursement policies in [LL-2017-09, Fannie Mae Extend Modification for Disaster Relief and Other Clarifications for Mortgage Loans Impacted by Disaster Events](#). These changes were developed jointly with Freddie Mac at the direction of FHFA and apply to any mortgage loan 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. Servicers must release the hazard loss draft proceeds based on the status of the mortgage loan when the property securing the mortgage loan suffered the insurable damage. This policy extends into 2018 and is effective until Fannie Mae provides further notice.

Contact your Fannie Mae account team, Portfolio Manager, or Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643) with any questions regarding this Lender Letter.

Carlos T. Perez
Senior Vice President and
Chief Credit Officer for Single-Family