

Frequently Asked Questions - Disaster Relief

Freddie Mac provides Servicers with requirements to help borrowers who are having difficulty making their mortgage payments because they were impacted by an Eligible Disaster.

General		
1.	Q:	I have a borrower whose mortgage is insured or guaranteed by the Federal Housing Administration (FHA), Department of Veteran Affairs (VA), or Rural Housing Service (RHS). Should I follow Freddie Mac’s guidelines or the FHA, VA, or RHS guidelines first?
	A:	You must follow the guidelines provided by the FHA, VA, or RHS.
2.	Q:	Which borrowers are eligible for the new Capitalization and Extension Modification for Disaster Relief (Disaster Relief Modification)?
	A:	<p>A borrower whose a) Mortgaged Premises or place of employment is located in an Eligible Disaster Area, and b) hardship resulted from an Eligible Disaster but the hardship has been resolved, may be eligible for a Disaster Relief Modification. Additionally, Guide Section B65.12.2 provides eligibility requirements, including the following:</p> <ul style="list-style-type: none"> • The borrower must be at least 60 days delinquent but less than 360 days at the time of evaluation, and • The borrower was current or less than 31 days delinquent at the time of the disaster, and • The Servicer must have quality right party contact and confirmed that the borrower is able to resume making the existing contractual payment on the mortgage, and • The borrower is not determined to be ineligible pursuant to the requirements in Guide Section B65.12.2(a).
3.	Q:	Is there a different case escalation process for borrowers who are impacted by an Eligible Disaster?
	A:	No. You must continue to follow the requirements in Guide Section 51.5.1 and applicable law.
4.	Q:	If a borrower’s property and place of employment are not located in an Eligible Disaster Area but the borrower can confirm he or she was affected by an Eligible Disaster, is the borrower eligible for relief under Guide Chapter 68?
	A:	No, you must evaluate the borrower for the relief and workout options provided under Guide Chapters A65, B65, and C65 in accordance with the evaluation hierarchy in Guide Section 64.6, <i>Evaluation hierarchy, Borrower solicitation and communication</i> .
Forbearance Plans and Trial Period Plans		
5.	Q:	Why does the Disaster Relief Modification include a Trial Period Plan requirement if eligible borrowers must have been current or less than 31 days delinquent at the time of the disaster?
	A:	A Trial Period Plan is required because these borrowers experienced a temporary hardship as a result of a disaster that caused a financial disturbance. Placing a borrower in a Trial Period Plan establishes that the borrower can afford to return to his or her monthly payment before being offered a permanent modification.

6.	Q:	Do I need to obtain a new complete Borrower Response Package from a borrower who was in a Home Affordable Modification Program (HAMP) Trial Period Plan prior to the disaster forbearance plan and wishes to start a new Trial Period Plan? This borrower verbally confirmed that his or her income <i>is not less than it was prior to the disaster.</i>
	A:	No, a new Borrower Response Package is not necessary. You should refer to the specific transition requirements for Borrowers who were on a Trial Period Plan at the time of the Eligible Disaster in Guide Section 68.6.
7.	Q:	Do I need to obtain a new complete Borrower Response Package from a borrower who was performing on a HAMP Trial Period Plan prior to the disaster forbearance plan, but has verbally confirmed that his or her financial circumstances were <i>adversely changed due to the disaster?</i>
	A:	Yes, you must re-evaluate the borrower for HAMP using an updated Borrower Response Package. However, if you determine the borrower is eligible based on the verbal information provided but the borrower is unable to provide updated documentation, you may submit the mortgage to Freddie Mac for review via Workout Prospector®. As a reminder, documentation and property valuations associated with the pre-disaster Borrower Response Package remain valid for 180 days from the date of the original evaluation.
8.	Q:	Do I need to obtain a new complete Borrower Response Package from a borrower who was in a Freddie Mac Standard Modification (Standard Modification) or Freddie Mac Streamlined Modification (Streamlined Modification) Trial Period Plan prior to the disaster forbearance plan and wishes to start a new Trial Period Plan?
	A:	No, the Servicer must offer an eligible borrower a new Streamlined Modification Trial Period Plan meeting the requirements of Guide Section B65.12.1. Regardless of the borrower's financial circumstances, the borrower must complete a new three-month Trial Period Plan that begins immediately following the forbearance plan in order to be eligible for a permanent modification.
9.	Q:	What happens if a borrower who was performing on a Trial Period Plan prior to entering a disaster-related forbearance plan is not eligible for a modification once he/she completes the forbearance plan?
	A:	If the borrower is not eligible for a HAMP Trial Period Plan, or a Streamlined Modification Trial Period Plan, you must evaluate the borrower for other alternatives to foreclosure in accordance with the evaluation hierarchy in Guide Section 64.6.
10.	Q:	Do I need to re-underwrite the borrower in Workout Prospector before offering a new HAMP Trial Period Plan?
	A:	When placing a borrower into a disaster-related forbearance plan, you should not cancel the pre-disaster Trial Period Plan in Workout Prospector. If you determine that the borrower's financial circumstances returned to the same state as prior to the disaster, then you should keep the borrower's previous Trial Period Plan in "approved" status in Workout Prospector and offer the borrower a new Trial Period Plan in accordance with Guide Section 68.6. If the borrower's financial circumstances were adversely impacted, then the pre-disaster Trial Period Plan must be cancelled in Workout Prospector and you'll need to obtain an updated Borrower Response Package and re-underwrite the borrower in Workout Prospector to ensure that the borrower is eligible for a new Trial Period Plan.

11.	Q.	What is the procedure for processing and reporting Disaster Relief Modification Trial Period Plans in Workout Prospector?
	A:	<p>Until Workout Prospector is available to process the terms of Disaster Relief Modifications, Servicers may manually underwrite and approve Trial Period Plans but must transmit an exception request via Workout Prospector to Freddie Mac in order to process the terms of the Trial Period Plan.</p> <p>Servicers must report the Disaster Relief Modification Trial Period Plan to Freddie Mac via Electronic Default Reporting (EDR) using the Standard Modification default action code "BF" in accordance with Section B65.21, <i>Other Conditions and Requirements</i>. We will inform Servicers in a future communication the date that a new EDR code has been deployed for the reporting of Disaster Relief Modification Trial Period Plans.</p>