**Freddie Mac Disaster Relief**

Below is a summary of *Single-Family Seller/Servicer Guide* (Guide) Chapter 8404’s disaster relief requirements and related temporary servicing requirements set forth in various Guide Bulletins for assisting Borrowers whose Mortgaged Premises or places of employment are in any Eligible Disaster Area designated on or after August 25, 2017.1

**ELIGIBLE DISASTER AREA**

- An area comprised of counties or municipalities that have been declared by the President of the United States to be a major disaster area where federal aid in the form of individual assistance is being made available.

**Requirements**

**TEMPORARY SUSPENSION OF FORECLOSURES SALES—PUERTO RICO AND U.S. VIRGIN ISLANDS**

- Servicers must suspend all foreclosure sales through May 31, 2018 for Mortgaged Premises located in jurisdictions designated as Eligible Disaster Areas in Puerto Rico and the U.S. Virgin Islands as a result of Hurricane Irma or Maria. *(Guide Bulletin 2018-4)*

**TEMPORARY PROPERTY INSPECTION REQUIREMENTS**

- Servicers may need to conduct a property inspection on Mortgage Premises in an Eligible Disaster Area to determine the impacts of the damage. The inspection may not normally be reimbursable by Freddie Mac in accordance with Guide Sections 9202.12 and 9701.9. For property inspections on or after August 29, 2017 of a Mortgage Premises in any Eligible Disaster Area, we created a temporary process for Servicers to seek reimbursement of the actual costs of exterior property inspections conducted in accordance with Section 8404.2 and interior property inspections conducted in accordance with 8202.11 (subject to applicable expense limits). For exterior property inspections, Servicers must use expense code 404005 (Exterior Property Inspection), with an expense limit of $15. For interior property inspections, Servicers must use expense code 404007 (Interior Property Inspection), with an expense limit of $20.

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1 This document is intended to be a summary and does not contain the complete Servicing requirements for disaster-related mortgage assistance that Freddie Mac requires its Servicers to extend to eligible Borrowers. Servicers should follow the servicing requirements set forth in the Guide and applicable Bulletins (e.g., Guide Bulletins 2017-14, -19, -21, -25, -29 and 2018-4).
Freddie Mac will reimburse Servicers for amounts incurred if a Servicer ordered or obtained a “FEMA Inspection” prior to September 25, 2017 and the costs exceeded the normal expense reimbursement amounts.

A Servicer must order or conduct an exterior property inspection on a Mortgaged Premises in an Eligible Disaster Area, except that a Servicer must order or conduct an interior property inspection if the Servicer (a) has reason to believe that a Borrower has abandoned the Mortgaged Premises in accordance with Section 9202.12, or (b) is ordering or conducting the property inspection in accordance with the insurance loss settlement requirements in Section 8202.11, as modified by the insurance loss disbursement requirements in Guide Bulletin 2017-25. (Guide Bulletin 2017-21)

**SUPPRESSION OF REPORTING TO CREDIT REPOSITORIES**

The Servicer must not report a Borrower who is on a disaster-related forbearance plan, repayment plan or Trial Period Plan to the credit repositories. (Guide Section 8404.5(a))

**LATE FEES**

The Servicer must not assess late charges if the Borrower is on a forbearance plan or paying as agreed on a repayment plan or on a Trial Period Plan. (Guide Sections 8404.4(d) and 9206.11(b)(i))

**DISASTER FORBEARANCE**

If the Servicer cannot obtain quality right party contact, it may place a Borrower who is or becomes 31 or more days delinquent in a short-term forbearance plan.

The forbearance plan may not exceed 90 days without either achieving quality right party contact (QRPC) or receiving approval from Freddie Mac.

If the Servicer can/doe obtain QRPC, the Servicer may place the Borrower into a forbearance plan for up to 12 months. The Servicer may offer up to six months of forbearance without obtaining a complete Borrower Response Package, but must attempt to obtain a complete Borrower Response Package if forbearance exceeds six months. If the Borrower is unable to produce financial documentation, the Servicer may offer the Borrower successive forbearance plans (not to exceed 12 months in total) without obtaining a complete Borrower Response Package.

If the Servicer believes forbearance beyond a total of 12 months is warranted, the Servicer should make that recommendation to Freddie Mac for consideration. (Guide Sections 8404.4(a) and (b))

**INSURANCE LOSS SETTLEMENTS**

If the Mortgaged Premises has been damaged and is located in an Eligible Disaster Area, property insurance proceeds for structural losses must be disbursed in accordance with Guide Section 8202.11.

**LOSS MITIGATION OPTIONS**
Transitioning from Forbearance to Another Loss Mitigation Option

- The Servicer must contact the Borrower on a periodic basis and prior to the end of the forbearance period to determine whether the hardship has been resolved and the most appropriate means of resolving the delinquency. *(Guide Section 8404.6)*
- Possible resolutions include:
  - Reinstatement
  - Repayment plan with or without partial reinstatement
  - Extend Modification for Disaster Relief (Extend Modification)
  - Capitalization and Extension Modification for Disaster Relief (Disaster Relief Modification)
  - Flex Modification
  - Streamlined Flex Modification (with special disaster requirements)
  - Short Sale
  - Deed-in-Lieu of Foreclosure

EXTEND MODIFICATION

- For Borrowers who were current or less than 31 days delinquent at the time of the Eligible Disaster and are able to resume making the contractual monthly payments on the Mortgage, the Servicer must consider the Borrower for an Extend Modification if a reinstatement or repayment plan is not a viable option.
- The extend modification does not permit the Servicer to capitalize arrearages, and instead extends the Mortgage term by a number of months equal to the number of missed monthly payments.
- The Extend Modification is the first modification option available in Freddie Mac’s evaluation hierarchy for Borrowers whose Mortgaged Premises or places of employment are located in any Eligible Disaster Area designated on and after August 25, 2017. *(Bulletin 2017-25)*

Disaster Relief Modification

- For Borrowers who were current or less than 31 days delinquent at the time of the Eligible Disaster and who can resume making the contractual monthly payments on the Mortgage, the Servicer must consider the Borrower for a Disaster Relief Modification if a reinstatement or repayment plan or an Extend Modification is not a viable option. *(Guide Section 9206.4, Disaster Relief Modification and Bulletin 2017-25)*
- The Disaster Relief Modification capitalizes arrearages and incrementally extends the Mortgage term until the modified principal and interest (P&I) equals the pre-modified contractual P&I payment amount (the actual post-modified P&I may be slightly less than the pre-modified P&I if the Servicer is unable to attain an exact match based on the term extension). *(Guide Sections 8404.6(a) and 9206.4)*

Flex Modification

- For a Borrower who is less than 90 days delinquent, a complete BRP must be submitted to evaluate for a Flex Modification
For Borrowers who are 90 days delinquent or greater, but who were current or less than 31 days delinquent at the time of the Eligible Disaster and who: i) have rejected all previous options, including a Disaster Relief Modification, or ii) have not established contact with the Servicer, the Servicer must evaluate for a streamlined offer for a Flex Modification using Freddie Mac’s disaster related requirements.

Disaster requirements for the Flex Modification permit the Servicer to waive most eligibility criteria. However, eligibility exclusions that remain in effect include any Mortgage that is:
- An FHA, VA or RHS Mortgage
- Subject to recourse
- Currently performing on a (non-disaster related) workout or relief option
- Currently subject to an unexpired offer for another workout or relief option

The Flex Modification terms includes the following steps:
- Capitalize arrearages
- Set the interest rate
- Forbear principal to create a non-interest bearing balloon

The Flex Modification targets a 20% payment reduction, but in some cases the payment reduction amount may be greater or less than 20%.

For complete details regarding the Flex Modification terms please refer to Guide Section 9206.10.

Complete requirements for the Flex Modification can be found in Guide Chapter 9206.

More Information – Related Guide Sections/Bulletins

- 8201.11 – Insurance Loss Settlements
- 8404 – Servicing Mortgages Impacted by a Disaster
- 9203.12-9203.16 – Forbearance
- 9206.4 – Capitalization and Extension Modification for Disaster Relief
- Guide Bulletin 2017-14, Temporary Servicing Requirements Related to Borrowers Affected by Hurricane Harvey.
- Guide Bulletin 2017-19, Selling and Servicing Requirements Related to Hurricanes Irma and Harvey
- Guide Bulletin 2017-21, Extension of Certain Hurricane-Related Requirements and Property Inspection Requirements for Eligible Disaster Areas
- Guide Bulletin 2017-25, Servicing Requirements to Assist Borrowers Impacted by Eligible Disasters
- Guide Bulletin 2017-29, Extension of Foreclosure Sale Suspension