

Lender Letter LL-2013-03

February 22, 2013

To: All Fannie Mae Single-Family Servicers Updates to Insurance Claim Settlements

***Servicing Guide*, Part III, Section 1103.01: Current Mortgage Loans**

The *Servicing Guide* requires servicers to use their discretion regarding the management of repairs and disbursement of insurance claim settlement proceeds when the borrower was current before a disaster and the property securing the mortgage loan has not suffered a total or near-total loss. Effective immediately, for borrowers who were current at the time of Hurricane Sandy and whose property securing their mortgage loan has not suffered a total or near-total loss as a result of the storm, servicers must implement policies on Fannie Mae loans that are consistent with policies used in servicing loans for their own wholly owned portfolio. Fannie Mae will therefore consider that the servicer is exercising appropriate discretion in connection with their management of repairs and disbursement of insurance proceeds.

The servicer must have fully documented written procedures outlining their management of insurance proceeds and must implement measures to determine that its officers and employees adhere to those procedures. Furthermore, the servicer must be able to provide evidence of the quality assurance program for its management of insurance proceeds and the results of its quality assurance reviews to Fannie Mae upon request.

Requirements for properties securing mortgage loans that suffered a total or near-total loss due to Hurricane Sandy remain the same. Servicers must review LL 2012-09, *Additional Flexibilities for Mortgage Loans Impacted by Hurricane Sandy*, for detailed guidance.

Extension of Foreclosure and Eviction Moratorium for Hurricane Sandy

As clarification of LL 2013-02, *Extension of Foreclosure and Eviction Moratorium*, the extension of foreclosure sales and eviction lockouts applies to borrowers with properties or employment located within the FEMA declared disaster area eligible for individual assistance due to Hurricane Sandy.

Servicers should contact their Servicing Consultant, Portfolio Manager, or Fannie Mae's National Servicing Organization's Servicer Support Center at 1-888-FANNIE5 (1-888-326-6435) with any questions regarding this Lender Letter

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