



Chapter D1-3, Providing Assistance to a Borrower Impacted by a Disaster Event

Providing Assistance to a Borrower Impacted by a Disaster Event

Introduction

This chapter contains information on providing assistance to borrowers impacted by a disaster event.

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D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower (04/10/2019)

Introduction

This topic contains the following:

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Evaluating the Extent and Nature of the Property Damage

Disasters are earthquakes, floods, hurricanes, or other catastrophes caused by either nature or a person or event beyond the borrower's control resulting in devastation in terms of property damage and destruction.

When the servicer becomes aware that a disaster event has occurred, it must determine the extent and nature of the damage to any property securing a mortgage loan in the disaster area (regardless of whether the property is in a FEMA-Declared Disaster Area eligible for Individual Assistance) through reasonable means, including but not limited to:



- obtaining information from the borrower, or
- performing a property inspection when necessary.

Note: The servicer is authorized, but not required, to attempt to contact the borrower or perform a property inspection if the mortgage loan is current at the time of the disaster event and remains current following the disaster event.

When a disaster event occurs, the servicer is permitted to use predictive modeling data or alternative technology, such as aerial photography, to estimate the likelihood of damage in an area or to a property impacted by a disaster event.

See [D2-2-10, Requirements for Performing Property Inspections \(04/10/2019\)](#) for additional information on property inspections.

When inspecting impacted properties, the servicer must utilize the *Property Inspection Report (Form 30)* or equivalent. The servicer must exercise discretion in determining whether an interior or exterior property inspection is appropriate depending on the individual circumstances. The servicer is authorized to request reimbursement for disaster inspection costs incurred on current and delinquent mortgage loans when a property inspection is necessary. To request reimbursement, the servicer must follow the procedures in *Requesting Reimbursement for Property Inspections and Property Preservation Expenses* in [F-1-05, Expense Reimbursement \(08/15/2018\)](#).

The following table describes the servicer's requirements when it becomes aware that a property securing a mortgage loan has incurred damage as a result of a disaster event.

| ✓ | The servicer must... |
|---|---|
| | Determine whether the property is adequately insured against any damage in accordance with Chapter B-2, Property Insurance Requirements and Chapter B-3, Flood Insurance Requirements . |
| | Ensure that any applicable property insurance claims are filed and settled promptly, and that the property is repaired fully in accordance with B-5-01, Insured Loss Events (04/10/2019) . |
| | Follow the requirements in B-5-02, Uninsured Loss Events (12/13/2017) if there are uninsured losses. |

See the [Property Preservation Matrix and Reference Guide](#) for additional information on property inspections and property preservation.

Servicer's Responsibilities When a Borrower Is Affected by a Disaster Event

The following table describes the servicer's requirements when a borrower is affected by a disaster event.

| ✓ | The servicer must... |
|---|---|
| | Counsel the borrower on the availability of appropriate workout options and federal disaster relief that might be available through FEMA. See <i>Chapter D2-3, Fannie Mae's Home Retention and Liquidation Workout Options</i> for additional information on available workout options. |



| ✓ | The servicer must... |
|---|---|
| | Evaluate each mortgage loan that is or becomes delinquent as a result of the borrower incurring damages or expenses related to the disaster event on a case-by-case basis. |
| | Ensure that the specific action that it takes does not jeopardize Fannie Mae's ability to recover damages under any applicable property insurance policy. |
| | Contact its Fannie Mae Servicing Representative (see F-4-03, List of Contacts (04/10/2019)) if it needs assistance in determining how a policy should be applied or if it has determined that a departure from Fannie Mae's policies is warranted. |
| | Refer to FHA, VA, or RD guidelines to determine appropriate procedures for extending relief to a borrower who has a government-insured or government-guaranteed mortgage loan. |

Initiating or Suspending Legal Proceedings

If the servicer has any doubt about the effect of the disaster event on the condition of a property or the borrower's employment or income status, it must suspend any legal proceedings, including foreclosure 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. The servicer must contact its Fannie Mae Servicing Representative (see [F-4-03, List of Contacts \(04/10/2019\)](#)) to obtain written approval before granting a suspension that exceeds 90 days.

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.

Related Announcements

The following table provides references to Announcements that are related to this topic.

| Announcements | Issue Date |
|--|------------------|
| Announcement SVC-2019-02 | April 10, 2019 |
| Announcement SVC-2018-05 | August 15, 2018 |
| Announcement SVC-2018-04 | June 13, 2018 |
| Announcement SVC-2017-10 | November 8, 2017 |