

Chapter 8404: Servicing Mortgages Impacted by a Disaster

8404.1: Introduction of Servicer responsibilities following a disaster (03/02/16)

This chapter provides Servicers with our requirements for assisting Borrowers whose Mortgaged Premises or places of employment are located in an Eligible Disaster Area.

A disaster may be a natural disaster (e.g., an earthquake, flood or hurricane) or a man-made disaster (e.g., a civil disturbance) that adversely affects a geographical area encompassing properties that secure Freddie Mac Mortgages or Borrowers' places of employment.

8404.2: Property protection activities following a disaster (04/10/19)

In conjunction with the requirements outlined in Section 8404.4, the Servicer is required to protect the Mortgaged Premises by following the requirements outlined in this section.

In the event of a disaster impacting Mortgages serviced for Freddie Mac, a Servicer must:

- Ascertain the number of such Mortgages and the extent of the damage that may have been caused by the disaster for each Mortgaged Premises, which may be completed by:
 - Determining the status of the property through discussions with the Borrower; and/or
 - Completing a property inspection no later than the 75th day of Delinquency. Servicers are reminded that property inspections will be reimbursed based on the limits set forth in Section 9701.9. Property inspections that are completed outside of the requirements set forth in Section 9701.9 may not receive reimbursement.
Note: If a Mortgage is current or 30 or less days delinquent following an Eligible Disaster, the Servicer is not required to complete this requirement immediately. Should a Mortgage become more than 30 days delinquent, Servicers must initiate collection efforts in accordance with Chapters 9101 and 9102 and order property inspections as required by Section 9202.12.
- Secure an abandoned property if the Mortgaged Premises has not sustained significant or total damage
- Provide assistance to the Borrower regarding options for local, State or federal disaster assistance

- Monitor and coordinate the insurance claim process and the progress of repairs in accordance with Section 8202.11
- In addition to the requirements of Section 8202.11, comply with the insurance claim process requirements in accordance with Section 8404.3 for Eligible Disasters

If a Servicer determines that the disaster has affected a Mortgaged Premises and it may pose a Risk of Property Ownership (see Section 9202.5), the Servicer must notify Freddie Mac (**see Directory 5**) within five Business Days of learning of the situation. In such instances, the Servicer must attach copies of the most recent six consecutive months (or less, depending on the level of Delinquency) of Form 1013, 1-4 Unit Property Inspection Report, and any other relevant information when reporting the Risk of Property Ownership to Freddie Mac.

Refer to Section 8403.1 for additional requirements on properties that become distressed.

8404.3: Insurance loss settlements after an Eligible Disaster (03/02/16)

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 Section 8202.11.

8404.4: Delinquency management activities following a disaster (12/01/18)

In the event a disaster strikes, it is imperative that Servicers be considerate of the Borrower's circumstances and work to obtain quality right party contact with the Borrower as soon as possible. This section will outline specific activities that a Servicer must take to appropriately manage the Borrower's Delinquency if the Servicer believes the disaster resulted in a hardship for the Borrower and the disaster is an Eligible Disaster.

(a) Circumstances where quality right party contact has not been achieved

If the Servicer has not yet achieved quality right party contact then the Servicer, at its discretion, may place a Borrower who is or becomes 31 or more days delinquent in a forbearance plan for up to 90 days, in accordance with the requirements in this section, Section 8404.6 and Sections 9203.12 through 9203.17.

The forbearance plan must not exceed 90 days without either achieving quality right party contact or receiving approval from Freddie Mac (**see Directory 5**). If the Servicer has relevant information regarding the Borrower's current financial circumstances and/or the extent of the property damage caused by the Eligible Disaster, the Servicer should consider these factors in its evaluation decision whether to provide forbearance.