Disaster Relief – Single-Family Selling/Servicing Frequently Asked Questions (FAQs)

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Fannie Mae stands with those affected by hurricanes, wildfires, and other disasters as they recover and rebuild their communities. We are focused on providing support and assistance during such times of crisis. We work with our customers, partners, and federal and local authorities to bring relief to homeowners in the immediate aftermath of such disasters, and are committed to helping families, neighborhoods, and communities recover in the months and years that follow.

We have standing policies in place to help lenders and servicers assist their customers who have been impacted by a disaster. For information and resources, see the following:

Resource	Applies to…
Disaster Relief page on our corporate website	Consumers, Business Partners, and Investors
Disaster Response page of our Single-Family website	Lenders and Servicers
Selling Guide topics • B2-3-05, Properties Affected by a Disaster • B3-4.3-07, Disaster Relief Grants or Loans • B4-1.4-10, Value Acceptance (Appraisal Waiver) • B5-4.2-02, Disaster-Related Limited Cash-Out Refinance Flexibilities	Lenders
Servicing Guide topics • A2-1-01,Servicer Duties and Responsibilities • A2-3-02, Servicing Fees for Portfolio and MBS Mortgage Loans • B-5-01, Insured Loss Events • B-5-02, Uninsured Loss Events • C-3-01, Responsibilities Related to P&I Funds to Fannie Mae • D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower • D2-2-05, Receiving a Borrower Response Package • D2-3.2-01, Forbearance Plan • D2-3.2-06, Disaster Payment Deferral • D2-3.2-07, Fannie Mae Flex Modification • E-2.1-11, Remitting PI for MBS Mortgage Loans That Are Part of a Bankruptcy • F-1-20, Remitting and Accounting to Fannie Mae • F-1-21, Reporting a Delinquent Mortgage Loan via Fannie Mae's Servicing Solutions System • F-1-27, Processing a Fannie Mae Flex Modification • F-3, *Servicing Guide* Glossary	Servicers
Property Preservation Matrix and Reference Guide – Section 8, Damaged Properties / Disaster Impacted Properties	Servicers

Below are frequently asked questions and corresponding answers regarding our disaster policies. We regularly update this document – refer to the "NEW" or "UPDATED" notations after the question.

Contents

Selling-Related FAQs

Q1. Are lenders required to re-verify borrower employment on closed loans prior to delivery to Fannie Mae?

No. Lenders are not required to perform reverifications of a borrower's employment prior to delivery. Requirements for verbal verification of employment and self-employment remain unchanged at 10 business days prior to the note date for employment income, and within 120 calendar days prior to the note date for self-employment income.

Q2. The age of credit documents is extended for impacted loans to allow additional time for loan closing. Does this apply to loans that have received income, employment, or asset validation through the DU validation service?

Loans that have income, employment, or assets that have been validated through the DU validation service, must continue to comply with the "close by" date specified in the DU Underwriting Findings report in order to retain the representation and warranty relief related to the specific component.

If lenders are unable to meet the "close by" date specified by DU, they can

- obtain an updated verification report from the vendor to extend the applicable "close by" date specified in the DU Underwriting Findings report; or
- use the original verification report obtained from the vendor to document income, employment, or assets (provided the report complies with standard *Selling Guide* requirements for verifications), and apply the age of document flexibility. In these cases, the loan is not eligible for representation and warranty relief.

Q3. Are borrowers in disaster areas eligible for HomeReady® mortgage flexibilities? UPDATED

Yes. Our standard HomeReady requirements apply, including borrower income limits. Lenders can determine borrower income eligibility by using the Area Median Income Lookup tool.

Q4. Will DU offer value acceptance (appraisal waiver) in disaster areas? UPDATED

Desktop Underwriter® (DU®) is updated periodically to incorporate ZIP codes included in Federal Emergency Management Administration (FEMA)-Declared Disaster Areas eligible for Individual Assistance. We may also add areas impacted by other disasters or emergencies at our discretion. New loan casefiles for properties in those ZIP codes are excluded from consideration for value acceptance. It is possible that a ZIP code excluded from the DU value acceptance offer capability may cross over into an adjacent county that is not designated as a disaster area. Therefore, our ZIP code exclusion list may be more conservative than the actual impacted areas. Furthermore, DU is not aware of all disasters and the lender may need to obtain an appraisal even if DU offered a value acceptance.

Value acceptance (appraisal waiver offers following a disaster): After Fannie Mae has received an acceptable appraisal that was performed following a disaster, that appraisal can serve as the basis for a future value acceptance (appraisal waiver) offer. Lenders may exercise such offers in accordance with the requirements in the *Selling Guide* B4-1.4-10.

Q5. Can a lender execute a value acceptance (appraisal waiver) offer on casefiles in process at the time a disaster occurs? UPDATED

Existing casefiles will still be eligible to execute a value acceptance offer. The lender may exercise the value acceptance offer but must take prudent and reasonable actions to determine the condition of the property and be able to make the representations and warranties described in the Selling Guide B2-3-05, Properties Affected by a Disaster, before delivering the loan to Fannie Mae.

The following message will display in the DU Findings, in addition to the value acceptance offer message, on casefiles where a recent disaster has occurred, and the casefile was submitted to DU after the disaster occurred:

"The subject property is located in an area that may have been impacted by a recent disaster. The lender must take prudent and reasonable actions to determine if the condition of the property has been materially impacted by the disaster and the lender must comply with the Selling Guide property eligibility requirements that pertain to properties affected by a disaster. If value acceptance (appraisal waiver) was offered, the lender may exercise this offer if the described conditions are met."

A disaster may be declared after the loan closes with a value acceptance (appraisal waiver) but before the loan was delivered to us. When that occurs, the lender must make property-related representations and warranties as of the time it delivers the loan to us. Before delivery of a mortgage loan when the property may have been damaged by a disaster, the lender is expected to take prudent and reasonable actions to determine whether the condition of the property may have materially changed. The lender is responsible for determining if an inspection of the property and/or new appraisal is necessary to support its representations. See *Selling Guide* B2-3-05, Properties Affected by a Disaster, for full guidance on properties affected by a disaster.

Q6. If the borrower chooses to pay for repairs out of pocket because the cost of the insurance deductible exceeds the cost to repair, is the loan eligible for sale to Fannie Mae? If so, what does the lender need to do to document this scenario?

The *Selling Guide* does not currently address this particular scenario, but based on other policies and best practices, we will allow this. If the damage does not affect the safety, soundness, or structural integrity of the property, the loan may be eligible for sale to us provided 1) the lender obtains documentation of the professional estimates of the repair costs and 2) the borrower has sufficient funds on hand to guarantee the completion of the repairs. If the borrower took out additional debt (such as a personal loan, credit card, or home equity loan) to pay for the repairs, the lender must document the source of funds and include the liability in the borrower's debt-to-income ratio.

Q7. If the property sustained minor damage, such as downed fencing, damage to minor out-buildings like tool sheds, or other minor damage that does not impact safety, soundness, or structural integrity of the property, and the borrower chooses not to replace such items, is the loan still eligible for sale to Fannie Mae?

Yes, the loan may be eligible provided the decision to forego repairs or replacement does not result in violations to local building or property codes. Downed fencing is a good example of a damaged item a borrower may choose not to replace with the decision resulting in no material impact to the property or the loan's eligibility for sale to Fannie Mae. On the other hand, something like material damage to a garage or an in-ground swimming pool will likely need to be addressed by validating sufficient funds to repair or remediate prior loan delivery. (Lenders should also confirm that loans comply with any existing mortgage insurer policies, if applicable.)

Q8. At what point does the lender make their representations and warranties on the condition of the property?

The lender must make all representations and warranties through the end of the delivery process, which is the whole loan purchase date or MBS Settlement date (as applicable).

Q9. There is a trend in the market to send out drones to inspect affected areas. Would pictures taken from a drone after the hurricane be acceptable to determine if the property was damaged? (If the drone identifies a home that has damage then a physical inspector would go out.)

We are not prescriptive about how the lender determines whether the property was damaged. We do not exclude drones, but the lender should vet any procedure carefully to make sure it is reliable.

Q10. Some appraisers have asked about the acceptability of using a Catastrophic Disaster Area Inspection Report (CDAIR) for reinspections. It can be exterior only or interior/exterior. Is this acceptable?

We are not prescriptive as to what mechanism the lender uses to determine the property condition. It needs to be sufficient for the lender to warrant "that the property is not damaged by fire, wind, or other cause of loss". (*Selling Guide*, B2-3-05, Properties Affected by a Disaster)

Q11. If a borrower receives forbearance before the loan is sold to us, is the loan eligible for sale?

No. Loans in forbearance are not eligible for sale to us. Such loans are considered "delinquent" and thus do not meet the requirements of the *Selling Guide*.

Q12. How does Fannie Mae view disaster relief grants or loans?

We allow disaster relief grants or loans as reflected in the *Selling Guide* B3-4.3-07. These are treated like any other grant or Community Seconds® loan. The lender must document compliance with our requirements accordingly. Additionally, loans with a monthly obligation are treated as a liability and included in the debt-to-income ratio in accordance with standard policy.

Servicing-Related FAQs

Q13. Many borrowers evacuate their flooded and damaged properties for safety reasons. If the borrower stops making monthly payments, are servicers required to advance delinquent payments to Fannie Mae?

The servicer must remit interest to Fannie Mae on scheduled/actual remittance type mortgage loans and must remit P&I on scheduled/scheduled remittance type mortgage loans regardless of whether it actually receives payments from the borrower. For a delinquent scheduled/actual remittance type mortgage loan, the servicer must advance scheduled interest through the third month of delinquency. For a delinquent scheduled/scheduled remittance type mortgage loan, the servicer must advance scheduled P&I until the loan enters Stop Advance or when the delinquent mortgage loan is removed from our accounting records or the MBS pool or is reclassified as an actual/actual remittance type.

For additional information, see *Servicing Guide* C-3-01, Responsibilities Related to P&I Funds to Fannie Mae.

Q14. Some delinquent properties we're servicing in the impact area already have an open valuation order or had one completed prior to the storm. What should we do?

Fannie Mae will cancel valuation orders which cannot be fulfilled on properties located in the disaster area. Any valuations recently completed and returned in the affected areas will need to be reordered in the future when conditions allow. If you have questions, please reach out to your Fannie Mae valuation contact.

Q15. What initial actions does Fannie Mae require servicers to take in response to a disaster?

When evaluating the extent and nature of the property damage:

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.*

For more information see *Servicing Guide* D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower.

Providing assistance to a borrower:

If the borrower's hardship is due to a disaster event the servicer is authorized to offer an initial forbearance plan term of up to 3 months without achieving QRPC if

- the property securing the mortgage loan is located in a FEMA-Declared Disaster Area eligible for Individual Assistance,
- the mortgage loan was current or less than two months delinquent at the time the disaster event occurred, and
- the mortgage loan is equal to or greater than one month delinquent.

The servicer must continue attempts to achieve QRPC during this initial 3-month forbearance plan term.

For more information see *Servicing Guide* D2-3.2-01, Forbearance Plan.

Q16. What is a forbearance plan?

A forbearance plan is a retention workout option for borrowers with a temporary unresolved hardship that provides for a period of reduced or suspended payments. A forbearance plan may be followed by either a full reinstatement, mortgage loan payoff, or workout option to enable the borrower to resolve the delinquency. The delinquency status code for reporting a forbearance plan to Fannie Mae is 09.

For more information see *Servicing Guide* D2-3.2-01, Forbearance Plan and F-1-21, Reporting a Delinquent Mortgage Loan via Fannie Mae's Servicing Solutions System.

Q17. How long can a forbearance plan last?

The servicer is authorized to grant an initial forbearance plan that lasts up to 6 months if the eligibility criteria for a forbearance plan is met as described in the *Servicing Guide*. However, if the borrower's hardship is due to a disaster event the servicer is authorized to offer an initial forbearance plan of up to 3 months without achieving QRPC if

- the property securing the mortgage loan is located in a FEMA-Declared Disaster Area eligible for Individual Assistance,
- the mortgage loan was current or less than two months delinquent at the time the disaster event occurred, and
- the mortgage loan is equal to or greater than one month delinquent.

The servicer must continue attempts to achieve QRPC during this initial 3-month forbearance plan term.

For more information see Servicing Guide D2-3.2-01, Forbearance Plan.

Q18. Can the forbearance plan for a borrower impacted by a disaster be extended and if so, for how long?

Yes, the servicer is authorized to grant an extension of the initial forbearance plan term of up to 6 additional months. The servicer must receive Fannie Mae's prior written approval for a forbearance plan to exceed a cumulative term of 12 months as measured from the start date of the initial forbearance plan, or result in the mortgage loan becoming greater than 12 months delinquent.

For more information see *Servicing Guide* D2-3.2-01, Forbearance Plan.

Q19. What actions must the servicer take at the end of the forbearance plan to help the borrower cure the delinquency?

The servicer must begin attempts to contact the borrower no later than 30 days prior to the expiration of any forbearance plan term and must continue outreach attempts until either QRPC is achieved or the forbearance plan term has expired. Workout options available to a borrower will depend on the individual circumstances, such as whether QRPC is achieved, if the hardship is resolved, the borrower's intention with respect to the property, and the borrower's ability to repay.

The servicer must evaluate the borrower for a subsequent workout option, including a disaster payment deferral or a Fannie Mae Flex Modification, in accordance with the workout hierarchy in *Servicing Guide* D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower, and offer or solicit the borrower for the eligible workout option as required.

For more information, see also *Servicing Guide* D2-3.2-06, Disaster Payment Deferral and D2-3.2-07, Fannie Mae Flex Modification.

Q20. If a borrower submitted financial documentation for consideration of a workout option prior to being impacted by the disaster, how old can a borrower's income documentation be for further consideration after the disaster?

If a borrower has been impacted by a disaster, income documentation must be equal to or less than 180 days old at the time of the post-disaster evaluation for a workout option, and the evaluation must occur prior to the expiration of any forbearance period granted to the borrower affected by a disaster. For more information see *Servicing Guide* D2-2-05, Receiving a Borrower Response Package.

Q21. Should the servicer suspend legal proceedings or foreclosure sales if a property or borrower's employment or income status has been impacted by a disaster?

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 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.

For more information see *Servicing Guide* D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower.

Q22. What actions should the servicer and borrower take in filing an insurance or proof of loss claim?

When a property securing a mortgage loan experiences an insured loss, the servicer must ensure the proof of loss claim is filed within the time period specified in the insurance policy and monitor the disbursement of insurance loss proceeds. If the servicer is unable to establish contact with the borrower, the servicer must contact the insurance carrier to determine whether the borrower has filed the proof of loss claim. If the borrower has not filed the claim, the servicer must file a proof of loss claim under the standard mortgagee clause and collect the insurance loss proceeds on Fannie Mae's behalf.

For more information see *Servicing Guide* B-5-01, Insured Loss Events.

Q23. How should the servicer disburse the insurance loss proceeds to the borrower to repair the property? UPDATED

The servicer must release the insurance loss proceeds received from the insurance carrier based on the status of the mortgage loan at the time of the loss event and whether the borrower intends to repair the property.

Mortgage Loans Current or Less Than 31 Days Delinquent

If a mortgage loan is current or less than 31 days delinquent at the time of the loss event, then the servicer is authorized to

- release an initial disbursement of insurance loss proceeds up to the greater of
  - $40,000;
  - 33% of the insurance loss proceeds; or
  - the amount by which the release funds exceed the sum of the UPB, accrued interest, and advances on the mortgage loan; and
- disburse any remaining funds based on periodic inspections of the progress of the repair work.

If multiple disbursements of insurance loss proceeds are required, the servicer must also

- review and approve the final plans for repair, including obtaining the necessary bids to repair the property; and

- monitor and inspect repairs as completed to verify the repairs comply with the final repair plan.

> **NOTE:** *A final inspection is not required.*

> **NOTE:** *If the borrower has made advance payments to the contractor, then the servicer is authorized to reimburse the borrower by releasing insurance loss proceeds payable to only to the borrower as evidenced by paid receipts. Receipts are not necessary if the insurance loss proceeds are less than or equal to $40,000.*

Mortgage Loans 31 Days or More Delinquent

The servicer must evaluate the borrower for a workout option in accordance with *Servicing Guide* D2-3.1-01, Determining the Appropriate Workout Option and disburse the insurance loss proceeds as outlined in the following table.

If the insurance loss proceeds are…	Then the servicer…
less than or equal to $5,000	is authorized to make the disbursement in one payment.
greater than $5,000	• is authorized to release an initial disbursement of insurance loss proceeds of 25% of the total insurance loss proceeds but no more than the greater of - $10,000; or - the amount by which the release funds exceed the sum of the UPB, accrued interest, and advances on the mortgage loan; and • Is authorized to disburse the remaining funds in increments not to exceed 25% of the insurance loss proceeds following inspection of the repairs.

The servicer is required to conduct a final inspection to ensure all repairs are completed if the mortgage loan is 31 days or more delinquent at the time of the disaster.

For more information see *Servicing Guide* B-5-01, Insured Loss Events.

Q24. Are there any actions that the servicer must take for uninsured losses that are not required for insured losses?

When a natural disaster or other event results in an uninsured loss to the property, the servicer must take the steps listed in the following table:

Step	Servicer Action
1	Determine the damage.

2	If the property is abandoned, secure it in accordance with the requirements for a property in foreclosure in *E-3.2-12, Performing Property Preservation During Foreclosure Proceedings* and the *Property Preservation Matrix and Reference Guide*.
3	Develop plans to repair the property.
4	Assist the borrower in filing for any disaster relief that may be available in accordance with D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower.
5	If the damage is extensive, offer the borrower any reasonable forbearance plan, payment deferral, or mortgage loan modification agreement the borrower requests in accordance with *Section D2–3.2, Home Retention Workout Options*.

For more information see *Servicing Guide* B-5-02, Uninsured Loss Events.

Q25. Is the servicer required to report uninsured losses to Fannie Mae?

No. The servicer is not required to send its Fannie Mae Servicing Representative a complete report of the damage for uninsured loss events. However, the servicer must maintain appropriate documentation on the loss within the loan file.

Q26. If a borrower's home is destroyed by a disaster, should the borrower continue to make monthly mortgage payments if possible?

Yes, if the borrower is able to continue making his or her contractual monthly payments, he or she should continue to do so.

Q27. What actions should a servicer take if loans impacted by a disaster are part of a pending servicing transfer?

We will rely solely on the transferor and transferee servicers to determine whether or not a loan should remain in a pending post-delivery servicing transfer and will not deny the transfer if loans secured by a property located within a FEMA-Declared Disaster Area eligible for Individual Assistance are included. The transferor and transferee servicers should jointly evaluate a pending post-delivery servicing transfer and consider removing loans secured by such properties if it believes that a borrower may be negatively impacted by the transfer. In the event a *Request for Approval of Servicing or Subservicing Transfer* (Form 629) has already been submitted to us and the servicer determines loans should be removed from the transfer request, it should submit an updated Form 629 as soon as possible.

Q28. When does a servicer need to submit a Report of Property Insurance Loss (Form 176) to Fannie Mae?

Servicers are only required to submit Form 176 to us when

- the property can legally be rebuilt, if the servicer determines that payment to a third party is warranted to protect the security interest of the property and/or benefit of the borrower,
- the borrower wants to repair or restore the property and the mortgage loan is for a property that has been abandoned and/or has a scheduled foreclosure sale date; or the borrower does not

intend to repair or restore the property. For more information see *Servicing Guide* B-5-01, Insured Loss Events.

Q29. When should a servicer inspect a property? What are the servicer's property inspection responsibilities when the servicer learns the property is damaged by a disaster?

In the event of a disaster, the servicer must determine the extent and nature of any damage to the property in accordance with *Servicing Guide* D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower. The servicer must also attempt to confirm the borrower's intent to return through reasonable means, such as contact with the borrower or posting vacancy notices. When the servicer cannot determine the occupancy status, continue monthly inspections until the damage is remediated or the property occupancy status is determined.

For more information see *Property Preservation Matrix and Reference Guide*, Section 8.

Q30. What repairs should a servicer undertake on impacted properties securing Fannie Mae loans?

Current Loans: Fannie Mae does not require servicers to do repairs to properties securing current loans. Servicers must ensure borrowers make necessary repairs to their properties.

Delinquent and Occupied Loans (delinquent prior to and occupied, or the occupancy status is unknown, as of the last inspection prior to the disaster): Fannie Mae is not requiring servicers to do repairs to delinquent and occupied loans at this time. Fannie Mae is asking servicers to allow borrowers to make the repairs to their properties quickly.

Delinquent and Vacant Loans (delinquent prior to and vacant as of the last inspection prior to the disaster): Immediately commence work necessary to preserve property in accordance with the requirements outlined in the *Property Preservation Matrix and Reference Guide*.

Q31. Are servicers allowed to protect and preserve Fannie Mae collateral and submit the bids after work completion?

Servicers are encouraged to address urgent conditions immediately and use the Bid After the Fact (BATF) process, per the *Property Preservation Matrix and Reference Guide*, to preserve Fannie Mae collateral where delays may result in deterioration of the collateral. We will give deference to servicer decisions on such repairs and will approve BATF requests as long as the repairs and associated costs keep with the intended spirit of our disaster assistance policies and are not materially unreasonable or unnecessary.

See *Property Preservation Matrix and Reference Guide* Sections 8 and 12 for more information.

Q32. What should servicers do for a delinquent loan if the property is now a demolition candidate due to the nature of the repairs?

Servicers should assess the condition and secure the property to avoid safety hazards, ensure a property insurance claim is filed and submit bids to demolish the property. Refer to the demolition section of the *Property Preservation Matrix and Reference Guide* for further direction as well as Section 8 for more information.

Q33. Can servicers use Fannie Mae's relationships with vendors and suppliers to procure discounts on labor and materials?

Home Depot is offering contractors with a Home Depot account a special discount on their products in the impacted areas. Email property_preservation@fanniemae.com for further information.

We also utilize vendors for inspection, preservation, and repair services. If servicers need contact information for these vendors, please email property_preservation@fanniemae.com for further information.

Q34. Will Fannie Mae reimburse for inspections related to a disaster event?

Fannie Mae will reimburse the servicer for inspections on current and delinquent mortgage loans when required to determine the extent and nature of any property damage related to a disaster event in accordance with D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower.

An industry best practice is to utilize alternative data, borrower outreach or other means available to determine the potential impact area prior to ordering inspections.

For more information, see *Servicing Guide* D2-2-10, Requirements for Performing Property Inspections, E-5-01, Requesting Reimbursement for Expenses, F-1-05, Expense Reimbursement, *Reimbursement for Property Inspections and Property Preservation Expenses*, and our website for additional information.

Q35. How should servicers determine occupancy knowing that the borrower may not currently be living in the home but intends to return?

Servicers should attempt to confirm the borrower's intent to return through call campaigns to contact the borrower, weekly inspections, and vacancy postings. If the home continues to appear vacant, it should be secured and preservation work commenced. This was originally introduced in Lender Letter LL-2017-07.

Q36. When a servicer is offering a borrower a forbearance can they also advise the borrower of the workout options available to them to help bring the loan current after the forbearance period?

Yes, the servicer must advise the borrower of Fannie Mae's workout options.

Q37. Do the normal eligibility exclusions for a modification apply to a borrower impacted by a disaster, for example, the loan must have been originated at least 12 months prior to the evaluation?

Under certain circumstances, a borrower with a disaster-related hardship may be eligible for a Fannie Mae Flex Modification based on reduced eligibility criteria. The following Fannie Mae Flex Modification eligibility exclusions do **NOT** apply when evaluating the borrower under the reduced eligibility criteria:

- the loan must have been originated at least 12 months prior to the evaluation date for the modification,
- the loan must not have been modified three or more times previously,
- the borrower must not have failed a Trial Period Plan within 12 months' of being evaluated for eligibility for a Fannie Mae Flex Modification, and
- the mortgage loan must not have received a modification and become 60 days or more delinquent within the first 12 months of the effective date of the mortgage loan modification without being reinstated.

For more information see *Servicing Guide* D2-3.2-07, Fannie Mae Flex Modification.

Q38. If a loan has completed a Fannie Mae HAMP Modification and is placed on a forbearance plan related to a disaster event, how should the servicer report the loan to Treasury to avoid the borrower losing "good standing?

Per the *Servicing Guide* D2-4-03, Reporting Certain Workout Options to Treasury, the servicer must follow Treasury's reporting requirements available on HMPAdmin.com.