NCLC®
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Obtaining Mortgage Relief for Survivors of Disasters

A Practice Guide for Advocates

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APPENDIX C

LONG SUMMARIES OF LOSS MITIGATION RULES FOR GOVERNMENT-BACKED LOANS

Foreclosure Sale Moratorium	
Freddie Mac	Initially, Freddie Mac stated that servicers were required to suspend all foreclosure sales for borrowers whose mortgaged premises were affected by Hurricane Harvey or Irma through December 31, 2017. http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1719.pdf. On December 20, 2017, Freddie Mac extended the date until March 31, 2018 for premises affected by Hurricane Irma or Maria in Puerto Rico and the U.S. Virgin Islands. http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1729.pdf. On March 7, 2018, Freddie Mac again extended the date until May 31, 2018 for premises affected by Hurricane Irma or Maria in Puerto Rico and the U.S. Virgin Islands. However, the servicer may proceed with foreclosure if the premises have been identified as vacant or abandoned, or if the servicer has completed its property inspection and confirmed that there is no insurable damage or ability to receive FEMA funds. http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1804.pdf See § 3.1.1 for more detail.
Fannie Mae	Initially, Fannie Mae stated that servicers were required to suspend all foreclosure sales for borrowers whose mortgaged premises were located in an Eligible Disaster Area and affected by Hurricane Harvey for a period of 90 days. https://www.fanniemae.com/content/announcement/ll1703.pdf. On September 13, 2017, a Fannie Mae Lender Letter stated that the suspension applied to properties affected by Hurricane Harvey or Irma and was to last until December 31, 2017. https://www.fanniemae.com/content/announcement/ll1706.pdf. On December 20, 2017, Fannie Mae extended the suspension of all foreclosure sales for mortgaged premises in Puerto Rico and the U.S. Virgin Islands affected by Hurricane Irma or Maria until March 31, 2018. On March 7, 2018, Fannie Mae again extended the suspension of all foreclosure sales for mortgaged premises located in Puerto Rico and the U.S. Virgin Islands, this time until May 31, 2018. However, the servicer may proceed with foreclosure if the premises have been identified as vacant or

	abandoned, provided that a property inspection has confirmed that there is not damage to the property or the damage to the property is not covered by insurance or eligible for state or federal disaster assistance. https://www.fanniemae.com/content/announcement/ll1801.pdf. See § 3.2.1 for more detail.
FHA	HUD initially granted a 90-day moratorium on foreclosures after the September 2017 hurricanes. https://www.hud.gov/press/press_releases_media_advisories/2017/HUDNo_17-068. The moratorium was effective as of the date of the disaster declaration for a particular area. This moratorium applied both to the initiation of foreclosures and foreclosures already in progress. On October 23, 2017, HUD announced that it was extending the initial 90-day moratorium for FHA-insured homeowners impacted by the hurricanes for an additional 90 days as follows: for Hurricane Harvey, until February 21, 2018; for Hurricane Irma, until March 9, 2018; and for Hurricane Maria, until March 19, 2018. This extension applies both to foreclosures already initiated and to new foreclosures. On March 1, 2018, HUD extended its then-current 180-day moratorium for areas affected by Hurricane Maria for an additional 60 days to Individual Assistance Areas in Puerto Rico and the U.S. Virgin Islands. This extension will expire on May 18, 2018, and applies to the initiation of foreclosures and foreclosures already in progress. https://www.hud.gov/sites/dfiles/OCHCO/documents/18-02ml.pdf. On May 16, 2018, HUD extended the foreclosure timelines through August 16, 2018 for FHA-insured properties in Puerto Rico and the U.S. Virgin Islands. The extension applies to the initiation of foreclosures and foreclosures already in progress. This extension is applicable if the mortgage was no more than 60 days past due as of the date of the disaster, and the borrower has not already been approved for a forbearance or other loss mitigation option. https://www.hud.gov/sites/dfiles/OCHCO/documents/18-03ml.pdf. On August 15, 2018, HUD once again extended the foreclosure moratorium for forward mortgage properties affected by Hurricane Maria in Puerto Rico and the U.S. Virgin Islands, this time until September 16, 2018. https://www.hud.gov/sites/dfiles/OCHCO/documents/18-05ml.pdf. The FHA does not intend to extend the moratorium beyond this date. https://www.hud.gov/press/press_releases_media_advisories/HUD_No_18_083 ((“HUD is instructing FHA-approved mortgage servicers to continue suspending all foreclosure actions against eligible FHA borrowers in the Presidentially Declared Major Disaster Areas until September 16, 2018. FHA does not intend to further extend the foreclosure moratoriums after this date, so FHA borrowers in the eligible areas needing assistance are strongly urged to contact their mortgage servicer immediately.”). On May 16, 2018, HUD extended foreclosure timelines through August 16, 2018 for Home Equity Conversion Mortgages (HECM) on impacted properties in Puerto Rico and the U.S. Virgin Islands. This extension applies to HECMS that became due and payable for reasons other than the death of the last surviving borrower and eligible non-borrowing spouse. https://www.hud.gov/sites/dfiles/SFH/documents/SFH_FHA_INFO_18-21.pdf. On August 18, 2018, this moratorium for HECM properties was extended through September 15, 2018. https://www.hud.gov/sites/dfiles/SFH/documents/SFH_FHA_INFO_18-21.pdf. The HUD Handbook also requires that a mortgagee “must take no action to initiate or complete foreclosure proceedings, after expiration of a disaster-related foreclosure moratorium, if such action will jeopardize the full recovery of a hazard or flood insurance settlement.” U.S. Dep’t of Hous. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.c.ii(C), Presidentially-Declared Major Disaster Areas: Moratorium on Foreclosures.# See § 3.3.1 for more detail.

VA	The VA has requested "that loan holders establish a 90-day moratorium (from the date of the disaster) on initiating new foreclosures, citing "VA regulation 38 CFR 36.4324(a)(3)(ii) which allows additional interest on a guaranty claim when eventual termination has been delayed due to circumstances beyond the control of the holder, such as VA-requested forbearance. Because of the widespread impact of Hurricane Harvey, holders should review all foreclosure referrals to ensure that borrowers have not been affected significantly enough to justify delay in referral. Any questions about impact should be discussed with the VA Regional Loan Center (RLC) of jurisdiction." U.S. Dep't of Veterans Affairs, VA Home Loans (containing a link to VA Guidance on Natural Disasters), *available at* https://www.benefits.va.gov/homeloans/. The VA Guidance on Natural Disasters states: "Although the loan holder is ultimately responsible for determining when to initiate foreclosure and complete termination action, VA encourages holders to establish a 90 day moratorium on initiating new foreclosures in the disaster area." U.S. Dep't of Veterans Affairs, VA Guidance on Natural Disasters, *available at* https://www.benefits.va.gov/homeloans/documents/docs/va_policy_regarding_natural_disasters.pdf. In October 2017, the VA extended its requested initial 90-day moratorium for loans affected by Hurricanes Harvey, Irma and Maria to 180 days from the dates the respective disasters occurred, and in March 2018, the VA extended the established moratorium on foreclosures from 180 days to 270 days. See § 3.4.2 for more detail.
USDA	For RD Single Family Housing Direct Loans: The website states: "If you have excessive, non-reimbursed expenses resulting from damage to your property, non-reimbursed medical expenses, or have lost your job as a result of the disaster, you may be eligible for a moratorium for up to 180 days where you are not required to make your house payment." U.S. Dep't of Agriculture, Rural Development Disaster Assistance, *available at* https://www.rd.usda.gov/programs-services/services/rural-development-disaster-assistance. On September 1, 2017, USDA Rural Development issued a letter that outlines how the agency can assist homeowners affected by Hurricane Harvey. It states: "If you have excessive, non-reimbursed repair expenses or have lost your job as a result of the storm, you can request a moratorium package. We will review the information you provide us to determine if you may be eligible for a moratorium on your payments. This moratorium is a suspension of your payment for a period of time and is subject to repayment at a later date. Contact us to request an application." The agency issued similar letters after Hurricanes Irma and Maria. *See* U.S. Dep't of Agriculture, Letter to USDA Homeowners Impacted by a Natural Disaster, *available at* https://www.rd.usda.gov/files/USDARDHARVEYLetter09-01-2017.pdf.; https://www.rd.usda.gov/files/HurricaneIrmaLtrEnglish508.pdf; https://www.rd.usda.gov/files/HurricaneMariaLtrEnglish508.PDF. See § 3.5.1 for more detail. For RD Guaranteed Mortgage Loans: The Rural Development SFH Guaranteed Loan Program Technical Handbook (HB-1-3555) requires servicers of RD's single-family guaranteed loans to suspend all foreclosure-related actions for 90 days. This includes the initiation of new foreclosures as well as foreclosures already in process. To be eligible for a suspension of foreclosure activities, the property or the borrower's place of employment must be directly affected by the disaster. Foreclosure can be suspended beyond 90 days with prior approval from Rural Development. *See* U.S. Dep't of Agriculture, Rural Development, SFH Guaranteed Loan Program Technical Handbook HB-1-3555, chapter 18, *available at* https://www.rd.usda.gov/publications/regulations-guidelines/handbooks#hb13555. In October 2017, USDA Rural Development extended the initial

	moratorium on foreclosures in the disaster areas impacted by the hurricanes as follows: for Hurricane Harvey, until February 21, 2018; for Hurricane Irma, until March 9, 2018; and for Hurricane Maria, until March 19, 2018. These extensions apply both to foreclosures already initiated and to new foreclosures. *See* Press Release, U.S. Dep't of Agriculture, Rural Development, USDA Foreclosure Moratoriums Extended for Areas Impacted by Hurricanes Harvey, Irma and Maria (Oct. 24, 2017), *available at* https://www.rd.usda.gov/newsroom/news-release/usda-foreclosure-moratoriums-extended-areas-impacted-hurricanes-harvey-irma. This news release directs those with questions to contact the USDA Rural Development Customer Service Center at 866-550-5887 or the National Office at 202-720-1452. In June 2018, the moratorium on areas affected by Hurricane Maria was extended until September 17, 2018. These extensions apply both to foreclosures already initiated and to new foreclosures. See § 3.5.2 for more detail.
Foreclosure Eviction Suspension	
Freddie Mac	Initially, Freddie Mac required the suspension of foreclosure evictions on real estate owned properties in areas affected by Hurricanes Harvey and Irma until further notice. On September 25, 2017, this protection was expanded to areas impacted by Hurricane Maria. http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1721.pdf. See § 3.1.1 for more detail.
Fannie Mae	Initially, Fannie Mae required the suspension of foreclosure evictions for real estate owned properties in areas impacted by Hurricane Harvey for 90 days from the date the disaster occurred. On September 13, 2017, a Lender Letter stated that the suspension applied to properties affected by Hurricanes Harvey and Irma and was to last until January 2, 2018. https://www.fanniemae.com/content/announcement/ll1706.pdf. The Fannie Mae Single-Family Servicing Guide states that where the servicer "has any doubt about the effect of the disaster on the condition of a property or the borrower's employment or income status, it must suspend any legal 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." Fannie Mae, Single-Family Servicing Guide section D1-3-0, Providing Relief to a Borrower Who is Affected by a Disaster.^ See § 3.2.1 for more detail.
FHA	No specific policies identified.
VA	No specific policies identified.
USDA	No specific policies identified.
Credit Reporting Suspension	
Freddie Mac	A servicer must not report a borrower who is participating in a disaster-related forbearance plan, repayment plan or Trial Period Plan to credit repositories. Freddie Mac, Single-Family Seller/Servicer Guide section 8404.5(a), Disaster reporting requirements.* See § 3.1.1 for more detail.
Fannie Mae	The version of the Single-Family Guide that was published on April 11, 2018 and is effective until December 1, 2018 states that Fannie Mae requires that a servicer must temporarily suspend credit reporting of delinquencies to credit bureaus "if it is aware that the delinquency is attributable to a hardship as a result of the disaster." The version published on June 13, 2018, which is effective December 1, 2018, states that a servicer "must suspend reporting the status of a mortgage loan to credit bureaus even though payments are past due as long as the delinquency occurs during an active forbearance, repayment plan, or Trial Period Plan where the borrower is making the required payments as agreed and is directly attributable to" a disaster. Fannie Mae, Single-Family Servicing Guide (as published June 13, 2018) section C-4.1-02, Suspending Credit Bureau Reporting. Note that, with respect to the policy changes reflected in the June 13, 2018 version of the Guide, servicers "are encouraged to implement these policy changes immediately, but must implement them no later than

	December 1, 2018." Fannie Mae Servicing Guide Announcement SVC-2018-04, Sept. 13, 2017, *available at* https://www.fanniemae.com/content/announcement/ll1706.pdf. See § 3.2.1 for more detail.
FHA	The mortgagee must suspend reporting of delinquencies to consumer reporting agencies for a borrower who is granted disaster-related mortgage payment relief and is otherwise performing as agreed, unless such reporting is required for a loan modification. U.S. Dep't of Hous. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.c.iv(F), Presidentially-Declared Major Disaster Areas: Loss Mitigation for Borrowers in PDMAs.# See § 3.3.1 for more detail.
VA	The VA encourages servicers to suspend credit reporting on affected loans, promising that the VA "will not penalize affected servicers for any late default reporting to VA as a result." U.S. Dep't of Veterans Affairs, Special Relief Following Hurricane Harvey, Circular 26-17-23, Aug. 29, 2017, *available at* https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_17_23.pdf. See § 3.4.3 for more detail.
USDA	For RD Guaranteed Mortgage Loans: A borrower on a disaster-related forbearance plan should not be reported to the credit reporting agencies. *See* U.S. Dep't of Agriculture, Rural Development, Handbook HB-1-3555 SFH Guaranteed Loan Program Technical Handbook section 18.11, Special Relief Measures. See § 3.5.2 for more detail.
Late Charge Suspension	
Freddie Mac	**Effective until December 1, 2018**: A servicer must not assess late charges if the borrower is on a forbearance plan or paying as agreed on a repayment plan or Trial Period Plan. **Effective December 1, 2018:** A servicer may "include in the forbearance agreement any accrued late charges due from the Borrower at the time the Servicer entered into the forbearance agreement with the Borrower," but must not "accrue or collect late charges from the Borrower during the term of the forbearance plan or any subsequent repayment plan period if the Borrower is complying with the terms of such agreement." Should the borrower default on the forbearance agreement, "late charges may begin to accrue from the date the Borrower defaulted on the forbearance agreement." Freddie Mac Bulletin No. 2018-9 (June 13, 2018), *available at* http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1809.pdf. See § 3.1.1 for more detail.
Fannie Mae	**Effective until December 1, 2018**: A servicer must waive late charges if the payment is late because the borrower "incurred additional expenses or loss of income due to the disaster, or needs additional time to receive a pending insurance settlement." Fannie Mae, Single-Family Servicing Guide section D1-3-02, Evaluating the Impact of a Disaster Event and Assisting a Borrower. **Effective December 1, 2018**: A servicer "must not accrue or collect late charges from the borrower during the forbearance plan. If the borrower defaults on the terms of the forbearance plan, the servicer is authorized to accrue late charges from the date the borrower defaulted on the plan." Fannie Mae, Single-Family Servicing Guide (as published June 13, 2018) section D2-3.2-01, Forbearance Plan.^ Note that, with respect to the policy changes reflected in the June 13, 2018 version of the Guide, servicers "are encouraged to implement these policy changes immediately, but must implement them no later than December 1, 2018." Forbearance plans entered into prior to the

	servicer's implementation "would adhere to existing policy until the expiration of such forbearance plan." Fannie Mae Servicing Guide Announcement SVC-2018-04, (June 13, 2018), *available at* https://www.fanniemae.com/content/announcement/svc1804.pdf. See § 3.2.1 for more detail.
FHA	The mortgagee must waive late charges as long as the borrower is on a forbearance plan or paying as agreed on a loss mitigation option. U.S. Dep't of Hous. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.c. iv(G), Presidentially-Declared Major Disaster Areas: Loss Mitigation for Borrowers in PDMAs.# See § 3.3.1 for more detail.
VA	The VA "believes that many servicers plan to waive late charges on affected loans, and encourages all servicers to adopt a policy" for affected loans. U.S. Dep't of Veterans Affairs, Special Relief Following Hurricane Harvey, Circular 26-17-23, Aug. 29, 2017, *available at* https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_17_23.pdf. See § 3.4.4 for more detail.
USDA	For RD Guaranteed Mortgage Loans: Late fees will not be assessed while the borrower is on a forbearance plan or paying as agreed on a repayment plan. *See* U.S. Dep't of Agriculture, Rural Development, Handbook HB-1-3555 SFH Guaranteed Loan Program Technical Handbook section 18.11, Special Relief Measures. See § 3.5.2 for more detail.
	Forbearance
Freddie Mac	**Effective until December 1, 2018:** **Where quality right party contact (QRPC) has been obtained**: the servicer has the discretion to place the borrower in a forbearance plan for up to 12 months based on the circumstances. If the servicer believes that forbearance beyond a period of 12 months is warranted, it should present that recommendation to Freddie Mac for consideration. **Where QRPC has not been obtained** with a borrower who is or becomes 31 or more days delinquent: the servicer may place the borrower in a short-term forbearance plan. See § 3.1.2 for more detail. **Effective December 1, 2018:** On June 13, 2018, Fannie Mae and Freddie Mac, as part of a consolidation of forbearance programs, announced a single forbearance plan option to help borrowers experiencing a short-term hardship, and they removed the requirement for servicers to grant separate relief during the 90-day period while they are attempting to contact a borrower impacted by a disaster. Servicers are required to implement the updated forbearance options by December 1, 2018. *See* Fannie Mae Servicing Guide Announcement SVC-2018-04 (June 13, 2018), *available at* https://www.fanniemae.com/content/announcement/svc1804.pdf. The Bulletin also states: "Borrowers impacted by Eligible Disasters continue to be subject to special forbearance plan requirements described in Guide Chapter 8404 and Bulletins 2017-14, 2017-19, 2017-21, 2017-25 and 2017-29. (These Bulletins contain temporary servicing requirements relating to the hurricanes, as well as notices regarding applicable extensions of time.) The June 13, 2018 Bulletin provides that, under

	the new requirements effective December 1, 2018, a servicer "may approve forbearance plans that last for up to six months and may offer consecutive forbearance plans of up to 12 total months without requiring a Borrower Response Package." See § 3.1.2.3 for more detail. **Eligibility.** The borrower may be current or delinquent, but the forbearance plan must not result in an overall delinquency that exceeds 360 days (*i.e.,* to be in an active forbearance plan, the borrower must not have missed more than 12 contractual payments). Freddie Mac Single-Family Seller-Servicer Guide (published as of June 13, 2018) section 9203.13(a), Borrower requirements for short-term forbearance.* The property securing the mortgage loan is still eligible even if it is vacant, but it may not be abandoned or condemned. Mortgages secured by second homes or investment properties are ineligible for forbearance. Freddie Mac Single-Family Seller-Servicer Guide (published as of June 13, 2018) section 9203.13(b), Borrower requirements for short-term forbearance.* See § 3.1.2.3.1 for more detail. **Terms.** Based on the borrower's individual circumstances and ability to pay, the servicer must determine whether a reduced payment is required, or whether to allow the borrower to choose not to make monthly payments during the plan. If the forbearance plan will require a reduced payment, then the principal and interest amount due under the forbearance plan must be lower than the borrower's contractual principal and interest amount. Freddie Mac Single-Family Seller-Servicer Guide (published as of June 13, 2018) section 9203.13(d), Borrower requirements for short-term forbearance.* Generally speaking, if the servicer achieves quality right party contact and the borrower meets the eligibility criteria for forbearance, the servicer must offer an initial forbearance term for a period of one to six months, and one or more forbearance term extensions of one to six months. However, the aggregate of the initial term and all forbearance term extensions may not exceed 12 months of uninterrupted forbearance. Freddie Mac Single-Family Seller-Servicer Guide (published as of June 13, 2018) section 9203.12, What is forbearance?* Servicers, at their discretion, may place a borrower who is or becomes 31 or more days delinquent in a short-term forbearance plan, as provided in sections 9203.12 through 9203.16 of the Guide. This short-term forbearance plan may not exceed 90 days without either achieving quality right party contact or receiving approval from Freddie Mac. Freddie Mac Single-Family Seller-Servicer Guide (published as of June 13, 2018) section 8404.4(a), Delinquency management activities following a disaster.* See § 3.1.2.3.2 for more detail.
Fannie Mae	**Effective until December 1, 2018:** **Where QRPC has been obtained and the loan is current, fewer than, or equal to 90 days delinquent, or under a Trial Period Plan**: The servicer is authorized to offer a forbearance plan of up to six months. Note that if the borrower is unable to provide a complete Borrower Response Package at the end of the initial six months of forbearance, the servicer may offer a successive forbearance up to six months in length (but not to exceed 12 months) without obtaining a complete Borrower Response Package. Fannie Mae, Single-Family Servicing Guide (as published Apr. 11, 2018) section D1-3-02, Providing Relief to a Borrower Who is Affected by a Disaster. **Where QRPC has been obtained and the loan is more than 90 days delinquent**: The servicer is authorized to offer a forbearance plan of up to six months.

	Where QRPC has not been obtained and the loan is current, fewer than, or equal to 90 days delinquent, or under a Trial Period Plan: The servicer is authorized to offer a forbearance plan of up to three months. **Where QRPC has not been obtained and the loan is more than 90 days delinquent**: The servicer is authorized to offer a forbearance plan of up to three months. See § 3.2.2 for more detail. **Effective December 1, 2018:** On June 13, 2018, Fannie Mae and Freddie Mac announced a single forbearance plan option to help borrowers experiencing a short-term hardship, and they removed the requirement for servicers to grant separate relief during the 90-day period while they are attempting to contact a borrower impacted by a disaster. Servicers are required to implement the updated forbearance options by December 1, 2018. *See* Fannie Mae Servicing Guide Announcement SVC-2018-04 (June 13, 2018), *available at* https://www.fanniemae.com/content/announcement/svc1804.pdf. The June 13 Fannie Mae Servicing Guide Announcement states that this update will streamline the current workout options "into a single policy, including forbearance plans related to unemployment, unique hardships, military indulgence, and disaster events" and simplify the policy on disaster assistance. The June 13 Servicing Guide Announcement includes this note: "Forbearance plans that were entered into prior to the servicer's implementation would adhere to existing policy until the expiration of such forbearance plan." See § 3.2.2.5 for more detail. **Eligibility.** A servicer is authorized to evaluate a borrower for a forbearance plan without receiving a complete Borrower Response Package. The property securing the mortgage loan may be a principal residence, a second home, or an investment property. The property must not be condemned or abandoned, but it may be vacant. See § 3.2.2.5.1 for more detail. **Terms.** Generally speaking, where QRPC has been obtained, a servicer is authorized to offer an initial forbearance plan term of up to six months and grant an extension of the initial term of up to six additional months. Note that a servicer is authorized to offer the six-month terms in separate, shorter increments. Where the mortgage loan is 31 or more days delinquent, a servicer is authorized to offer an initial forbearance plan term of up to three months *without* obtaining QRPC if the servicer's review of the facts and circumstances (which may result from establishing contact with the borrower or from performing a property inspection) indicates that the property, the borrower's employment, or the borrower's income is seriously affected by the disaster. However, the servicer must continue attempting to obtain QRPC during the initial three-month term. The servicer must receive Fannie Mae's prior written approval for a forbearance plan to exceed a cumulative term of 12 months (measured from the start date of the initial forbearance plan) or result in the mortgage becoming more than 12 months delinquent. When the servicer initially offers an arrangement that includes a combination of both forbearance and a repayment plan, the combined period must not exceed 36 months. The borrower's monthly payment must be reduced or suspended during the forbearance plan term. In the case of reduced payments, the payment must be received on or before the last day of the month in which it is due, unless the servicer determines that acceptable mitigating circumstances caused the payment to be late. *See* Fannie Mae, Single-Family Servicing Guide (as published June 13, 2018) section D2-3.2-01, Forbearance Plan. See § 3.2.2.5.2 for more detail.

FHA	The Disaster Relief Options for FHA Homeowners page on HUD's website states: "Your lender may enter into a forbearance plan, or execute a loan modification or a partial claim, if these actions will help retain and pay for your home." https://www.hud.gov/press/speeches_remarks_statements/2017/letter_100417. The HUD Handbook states: "Should Presidentially-Declared Major Disasters adversely impact a Borrower's ability to make on-time Mortgage Payments, the Mortgagee must provide the Borrower with forbearance and HUD loss mitigation assistance, where appropriate, as provided in applicable FHA policy guidance." U.S. Dep't of Hous. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.c.iv, Presidentially-Declared Major Disaster Areas: Loss Mitigation for Borrowers in PDMAs.# The Handbook states further that before considering an affected borrower for a permanent solution utilizing one of FHA's Loss Mitigation Home Retention Options, the mortgagee must first evaluate the borrower for a forbearance, allowing for one or more periods of reduced or suspended payments without specific terms of repayment. The mortgagee may offer forbearance relief to a borrower with a mortgaged property or place of employment located within a disaster area. U.S. Dep't of Hous. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.c.iv.B, Presidentially-Declared Major Disaster Areas: Loss Mitigation for Borrowers in PDMAs.# The Handbook makes reference to both informal and formal forbearance. A mortgagee "may consider Borrowers in PDMDAs for an Informal Forbearance and may offer additional Informal Forbearance periods if the foreclosure moratorium is extended." A mortgagee "may consider Formal Forbearance for Borrowers in PDMD while homeowners are pursuing home repairs and/or resolving verifiable difficulties related to the disaster" as long as: (1) the forbearance period does not exceed the estimated time needed to complete home repairs as supported by a contract or repair estimate; and (2) the total accumulated mortgage arrearages during the forbearance period does not exceed the equivalent of 12 months of (payment for principal, interest, taxes and insurance) PITI." U.S. Dep't of House. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.c.iv(B), Presidentially-Declared Major Disaster Areas: Loss Mitigation for Borrowers in PDMAs.# See § 3.3.2 for more detail.
VA	The VA encourages holders of guaranteed loans in disaster areas to extend every possible forbearance to borrowers in distress through no fault of their own. The VA encouraged "holders of guaranteed loans to extend forbearance to borrowers in distress as a result of Hurricane Harvey." Servicers are advised to reference 38 CFR § 36.4311, which allows the reapplication of prepayments to cure or prevent a default, and 38 CFR § 36.4315 which "allows the terms of any guaranteed loan to be modified without the prior approval of VA, provided conditions in the regulation are satisfied." U.S. Dep't of Veterans Affairs, Special Relief Following Hurricane Harvey, Circular 26-17-23, Aug. 29, 2017, *available at* https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_17_23.pdf. See § 3.4.5 for more detail.
USDA	For RD Single Family Housing Direct Loans: The website states "If your income has been reduced by more than 10% and will be for the foreseeable future, you may be eligible for payment assistance or an increase in the assistance that you currently receive." U.S. Dep't of Agriculture, Rural Development Disaster Assistance, *available at* https://www.rd.usda.gov/programs-services/services/rural-development-disaster-assistance. *See also* U.S. Dep't of Agriculture, Letter to USDA Homeowners Impacted by a Natural Disaster, *available at* https://www.rd.usda.gov/files/USDARDHARVEYLetter09-01-2017.pdf. See § 3.5.1 for more detail.

	For RD Guaranteed Mortgage Loans: Servicers are encouraged, but not required, to consider a forbearance plan. To be eligible for forbearance the borrower's home or place of employment must be directly affected by the disaster. The forbearance plan should take into account a wide range of factors including the borrower's ability to find alternative housing, increase in living expenses as well as income going forward. Servicers may use existing workout options to reinstate a borrower ready to resume mortgage responsibilities. Late fees will not be assessed while the borrower is on a forbearance plan or paying as agreed on a repayment plan, nor should a borrower on a disaster-related plan be reported to the credit reporting agencies. *See* U.S. Dep't of Agriculture, Rural Development, Handbook HB-1-3555 SFH Guaranteed Loan Program Technical Handbook section 18.11, Special Relief Measures. See § 3.5.2 for more detail.
Transition Following Forbearance/Loss Mitigation	
Freddie Mac	**Where QRPC has been obtained**, and the borrower cannot resolve the delinquency through reinstatement or a repayment plan: the servicer must evaluate the borrower for loss mitigation options according to the following disaster evaluation hierarchy: (1) Extend Modification (2) Disaster Relief Modification; (3) Flex Modification; (4) short sale; (5) deed in lieu of foreclosure. See § 3.1.3.1 for more detail. For information about the Extend Modification, a new, temporary offering that was introduced on November 2, 2017 for disaster-impacted borrowers who were current or fewer than 31 days delinquent when the disaster occurred, see § 3.1.3.4 and http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1725.pdf. **Where QRPC has not been obtained**: the servicer must evaluate the borrower to determine if he or she is eligible for a Streamlined Modification, provided the borrower is 90 or more days delinquent. See § 3.1.3.2 for more detail. **Where the borrower was on a TPP at the time of the disaster**: If the borrower was on a HAMP TPP at the time of the disaster and the borrower's financial circumstances have not adversely changed (*e.g.*, the borrower's income is not less than it was at the time of the pre-forbearance TPP evaluation), then the servicer must offer the borrower a new HAMP TPP that includes the same TPP payment as the pre-forbearance TPP. If the borrower was on a HAMP TPP at the time of the disaster but the borrower's financial circumstances have adversely changed (*e.g.*, the borrower's income is less than it was at the time of the pre-forbearance TPP evaluation), the servicer must obtain an updated Borrower Response Package from the borrower and re-evaluate the borrower for HAMP in accordance with the requirements of chapter 9205 of the Single-Family Seller/Servicer Guide. If the borrower is no longer eligible for HAMP, then the servicer must evaluate the borrower for another foreclosure alternative in accordance with the loss mitigation evaluation hierarchy set forth in section 9201.2. If the borrower was on a Freddie Mac Flex Modification at the time of the disaster, the servicer must make a new streamlined offer to the borrower for a Flex Modification TPP meeting the requirements of section 9206.5. Borrowers will be considered for a Disaster Relief Modification, along with a Flex Modification, provided the borrower is 90 or more days delinquent. If the borrower was on a Flex Modification at the time of the disaster, the servicer must make a new streamlined offer for a Flex Modification TPP that meets the requirements of section 9206.5 (Eligibility requirements for a Freddie Mac Flex Modification). See § 3.1.3.3 for more detail.

	New, Temporary Extend Modification for Disaster Relief. In coordination with Fannie Mae, Freddie Mac, on November 2, 2017, introduced a temporary offering for disaster-impacted borrowers who were current or fewer than 31 days delinquent when the disaster occurred. Servicers must consider eligible borrowers for the Extend Modification for Disaster Relief once the borrower's hardship is resolved and the borrower has the ability to resume making monthly payments, but reinstatement or a repayment plan is not an option. This Extend Modification is similar to the Capitalization and Extension Modification for Disaster Relief (Disaster Relief Modification), described above, with the primary difference being that the Disaster Relief Modification requires the capitalization of arrearages in accordance with section 9206.5 (Eligibility Requirements for a Freddie Mac Flex Modification), while the Extend Modification does not allow the servicer to capitalize arrearages. Instead, the Extend Modification 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 an Eligible Disaster Area. See § 3.1.3.4 and http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1725.pdf for more detail.
Fannie Mae	**Where QRPC has been obtained**, and the servicer determines that the borrower is capable of maintaining the current contractual monthly payment for principal, interest, taxes and insurance (PITI), including any escrow amounts disbursed by the servicer as a result of the disaster and escrow shortage needed to pay future escrow that is required to be repaid by the borrower over the 60-month escrow repayment period, the servicer must consider the borrower for an Extend Modification. For information about the Extend Modification, a new, temporary offering that was introduced on November 2, 2017 for disaster-impacted borrowers who were current or fewer than 31 days delinquent when the disaster occurred, see § 3.2.3.4 and https://www.fanniemae.com/content/announcement/ll1709.pdf. If the servicer determines that the borrower is capable of maintaining the PITI payment, but cannot manage the additional escrow payment obligation to cover amounts disbursed by the servicer as a result of the disaster, the servicer must evaluate the borrower for a Fannie Mae Cap and Extend Modification for Disaster Relief. If the servicer determines that the borrower is *not* capable of maintaining the PITI payment, the servicer must evaluate the borrower for a Fannie Mae Flex Modification based on the Unique Requirements for a Property Impacted by an Eligible Disaster. See § 3.2.3.1 for more detail. **Where QRPC has not been obtained**, and the mortgage is 90 or more days delinquent, the servicer must evaluate the borrower for a Fannie Mae Flex Modification based on the Unique Requirements for a Property Impacted by an Eligible Disaster. See § 3.2.3.2 for more detail. **If the borrower converts from an active TPP to a forbearance plan**, the borrower may subsequently be eligible for a Fannie Mae workout option upon completion of the forbearance plan. If the borrower is eligible for a loan modification, the servicer must commence a new TPP. See § 3.2.3.3 for more detail. **New, Temporary Extend Modification for Disaster Relief.** A November 2, 2017 Lender Letter introduced the new, temporary Extend Modification for Disaster Relief. This option results in a fixed-rate modification extending the loan term in monthly increments to match the number of delinquent payments (not exceeding 12 months). This modification is for borrowers who were current or fewer than 31 days delinquent at the time of the disaster and meet the eligibility requirements that are described in the Lender Letter. Servicers were required to have begun evaluating borrowers for this new modification program no later than February 1, 2018. *See* Fannie Mae Lender Letter LL-2017-09,

	Nov. 2, 2017, *available at* https://www.fanniemae.com/content/announcement/ll1709.pdf. If the servicer is able to establish QRPC with the borrower during the disaster-related forbearance period and determines that the borrower can maintain the monthly payments, including any escrow shortage needed to pay future escrow that is required to be repaid by the borrower over the 60-month escrow repayment period, then the servicer must evaluate the borrower for an Extend Modification. The servicer must disclose how the escrow analysis was made, and that disbursed escrow amounts will not be capitalized but, instead, added to the escrow shortage needed to pay future escrow amounts resulting in an increase of the borrower's current monthly payment over the 60-month escrow repayment period. The Extend Modification TPP must be three months in duration. The servicer may not charge administrative fees for the Extend Modification, but may assess late charges during the TPP. The servicer must waive all late charges, penalties, stop payment fees, or similar charges upon the borrower's conversion to a permanent loan modification. See § 3.2.3.4 for more detail about eligibility for the Extend Modification.
FHA	The HUD Handbook provides that a mortgagee must not deny a borrower any loss mitigation option solely for failure to occupy a mortgaged property if the following conditions are met: the property is located within a disaster area; the dwelling was the borrower's principal residence immediately prior to the disaster; the borrower intends to reoccupy the property upon restoration of the home to habitable condition; and the total accumulated mortgage arrearages have not exceeded the equivalent of 12 months of PITI. U.S. Dep't of Hous. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.iv(A), Presidentially-Declared Major Disaster Areas: Loss Mitigation for Borrowers in PDMAs.# See § 3.3.3.1 for more detail. **Loan modification without financial evaluation (**Note that the Loan Modification without a Financial Evaluation" is the same modification as the "Disaster Rate and Term Loan Modification" and "Disaster Rate Modification" discussed in this guide. The FHA has clarified that these terms are used interchangeably to refer to the same modification, although the term "Disaster Loan Modification" will be the preferred term going forward. This is the term that will be incorporated into the Single Family Housing Policy Handbook 4000.1, at section III.A.3.c.iv.) **Eligibility.** A homeowner may be eligible to apply for certain kinds of loss mitigation that do not require a financial evaluation. The mortgagee must ensure that borrowers and their FHA-insured mortgages meet the following eligibility requirements for a loan modification without a financial evaluation: the mortgage was current or fewer than 30 days past due as of the date of the disaster declaration; the mortgagee obtains a Verification of employment (VOE) confirming that the borrower's employment status is the same as prior to the disaster; home damages have been repaired; and the dwelling is owner-occupied. U.S. Dep't of Hous. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.c.iv(C), Presidentially-Declared Major Disaster Areas: Loss Mitigation for Borrowers in PDMAs.# **Terms.** The mortgagee must modify the mortgage as follows: the total PITI on the modified mortgage must be less than or equal to the existing payment on the FHA-insured mortgage; the borrower must successfully complete a three-month TPP; the mortgagee must capitalize into a modified mortgage balance the accumulated arrearages for unpaid accrued interest; and eligible unreimbursed mortgagee advances and related fees and costs chargeable to the mortgage); the mortgagee waives late fees if the borrower satisfies all conditions of the TPP; the mortgagee extends the term of the mortgage to 360 months from the modification effective date; the mortgagee sets the interest rate at

the market rate as defined by HUD; and the mortgagee must ensure that the borrower repairs the home damages and occupies the dwelling as an owner-occupant before completing the loan modification. U.S. Dep't of Hous. & Urban Dev., FHA Single Family Housing Policy Handbook 4000.1, section III.A.3.c.iv(C), (D), Presidentially-Declared Major Disaster Areas: Loss Mitigation for Borrowers in PDMAs.#

See § 3.3.3.2 for more detail.

Requirements for loss mitigation options

Eligibility. The mortgagee must evaluate other loss mitigation home retention options for borrowers who meet one of the following criteria: they are not eligible for the "Loan Modification without a Financial Evaluation" option; they are eligible for "Loan Modification without a Financial Evaluation" and experiencing a continuation of lower income or higher living expenses following the disaster; or they are eligible for "Loan Modification without a Financial Evaluation" but have not successfully completed the required TPP.

See § 3.3.3.3 for more detail.

New "Disaster Standalone Partial Claim" option

On February 22, 2018, the FHA announced a new option for FHA-insured homeowners who live or work in areas impacted by Hurricanes Harvey, Irma and Maria, as well as the California wildfires and subsequent flooding and mudslides. This option, entitled "Disaster Standalone Partial Claim," is intended to help struggling borrowers resume pre-disaster mortgage payments. It covers up to 12 months of missed payments through an interest-free second loan that is payable only when the borrower sells the property or refinances the mortgage. The servicer waives the borrower's accumulated late fees. Eligibility for the Disaster Standalone Partial Claim option is limited to borrowers who became delinquent on their mortgage due to the disaster and whose initial mortgage forbearance periods are ending. Certain requirements must be met. The Disaster Standalone Partial Claim option also streamlines income documentation and other requirements in order to expedite loss mitigation relief.

On August 15, 2018, in Mortgagee Letter 2018-05, the FHA revised certain elements of this option for borrowers in Puerto Rico and the U.S. Virgin Islands whose property was affected by Hurricane Maria. Notably, the Standalone Partial Claim moves to the beginning of the waterfall, above the Disaster Loan Modification, eligibility is expanded to include borrowers whose mortgages were current *or* fewer than 60 days past due as of the date of the disaster declaration, and the statutory maximum value of all partial claims (*i.e.*, combined) is 30% of the unpaid principal balance of each FHA-insured mortgage and any costs approved by the Secretary.

For more detail on this new option, see § 3.3.3.4 and https://www.hud.gov/press/press_releases_media_advisories/HUD_No_18_016; https://www.hud.gov/sites/dfiles/OCHCO/documents/18-05ml.pdf.

VA	The VA disaster loan modification in place prior to November 27, 2017 allows servicers to grant permanent payment relief to impacted delinquent borrowers who have not submitted complete loss mitigation applications. This modification carries with it the requirement of a three-month trial payment plan (TPP). On November 27, 2017, the VA announced a new disaster loan modification option that gives servicers the choice to offer modifications to delinquent borrowers impacted by a disaster *without* the three-month TPP requirement. The Circular announcing this new option states: "A permanent modification must meet the following terms to be eligible for execution without the three-month TPP. The term of the loan is extended equal to the number of months the loan is delinquent. For example, if the loan is four-months delinquent, the loan term may only be extended by four months. The loan must have been current at the time of the disaster that caused the delinquency. The servicer waives the delinquent interest accrued on the loan as a result of the delinquency. The liability of the Secretary will not be increased when servicers waive the delinquent interest allowing for the modification to be completed without a TPP. The limit of the term extension is 12-months without prior approval from VA. The desired result is that Veteran borrowers are able to resume the same regular monthly installments without feeling as though they have been financially penalized due to adisaster. A three-month TPP will still be required for all Disaster Loan Modifications that do not forgive the delinquent interest." U.S. Dep't of Veterans Affairs, Updated Disaster Modification Guidance, Circular 26-17-39, Nov. 27, 2017, *available at* https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_17_39.pdf. See § 3.4.6 for more detail.
USDA	After the forbearance period ends, borrowers who were current (or fewer than 30 days past due) as of the date of the disaster may be offered rate and term modifications without the standard financial evaluation required subject to the following requirements: the servicer performs a Verification of Employment (VOE) to determine the borrower's employment status remains unchanged as of the disaster; home damages have been repaired and the borrower is occupying the subject property; total modified mortgage payment including taxes and insurance (PITI) is less than or equal to the payment prior to modification; and the borrower successfully completes a three-month trial period. Accumulated arrearages of delinquent interest and eligible unreimbursed servicer advances, fees and costs shall be capitalized into the modified mortgage balance, and the following steps should be completed to an extent that the target monthly modified payment is achieved: extend term up to 360 months; reduce rate down to no less than 50 basis points greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30-year fixed-rate conforming mortgages (US Average), rounded to the nearest one-eighth or one percentage (0.125%), as of the date a trial payment plan is offered to the borrower. *See* U.S. Dep't of Agriculture, Rural Development, Handbook HB-1-3555 SFH Guaranteed Loan Program Technical Handbook section 18.11, Special Relief Measures. On February 20, 2018, USDA RD issued an announcement entitled "Special Relief for Natural Disasters." U.S. Dep't of Agriculture, Rural Development, SFH Guaranteed Servicing, Special Relief for Natural Disasters, Feb. 20, 2018. This announcement stated that the agency, in response to natural disaster events, would amend the SFH Guaranteed Loan Technical Handbook (chapter 18, section 4),

	to add special relief measures. These additions, which were expected to be published in the Handbook on May 1, 2018, are designed for servicers to respond immediately to borrowers who are near the end of their forbearance periods. Eligible borrowers may be offered certain special relief measures in addition to standard workout options. These measures may be offered without the required standard financial evaluation as long as the following conditions are met: (1) the loan was current or fewer than 30 days delinquent as of the date of the disaster; (2) the servicer receives verification that the hardship (employment and/or property) has been resolved; and (3) the total modified principal and interest payment is less than or equal to the payment prior to modification. There is a hierarchy for consideration of special relief measures. First in order is Term Extension. This measure provides that if the servicer determines that the borrower is able to maintain the current contractual payment including any escrow shortage created by advancements during the forbearance period (can be spread over 60 months), then the loan term may be extended an equal number of months to the term of the forbearance provided. Any interest accrued during the forbearance period should be waived, and the servicer may re-amortize the loan if necessary to meet any investor restrictions. Second in order is Capitalization of Delinquency and Term Extension. This measure provides that if the servicer determines that the borrower is able to maintain the current contractual payment but cannot manage to pay the additional escrow repayment amount, then the servicer may offer a Cap and Extend Modification under the following terms. The servicer must: (1) capitalize the accumulated arrearages and eligible unreimbursed servicer advances, fees and costs into the modified mortgage balance; (2) extend the term up to 360 months; and (3) reduce the rate to no greater than 50 basis points greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) rate for 30-year, fixed-rate conforming mortgages (US Average), rounded to the nearest one eighth of one percentage (0.125%), as of the date a plan is offered to the borrower. Note that the post-modified PITI payment must be equal to or less than the pre-disaster payment. If the servicer is unable to offer the borrower either the Term Extension or the Capitalization of Delinquency and Term Extension, the servicer may use a mortgage recovery advance to settle the delinquency and return the borrower to current status. Such advance is limited to an amount no greater than what is necessary to resolve any accumulated interest and unreimbursed servicer advances made during the forbearance, and it must meet all of the requirements included in paragraph 6.R. of the Loss Mitigation Guide found in Attachment 18-A of chapter 18. See § 3.5.2 for more detail.
Distribution of Insurance Proceeds	
Freddie Mac	In the wake of the 2017 hurricanes, Freddie Mac has temporarily revised certain requirements so as to assist borrowers who need upfront insurance proceeds to repair or rebuild their homes. These revisions are reflected in the following: • For borrowers who were fewer than 31 days delinquent at the time of the Eligible Disaster and the total claim proceeds amount is less than $40,000, the servicer must have policies and procedures to determine when a licensed contractor is required to repair or reconstruct the residence. If the total claim proceeds amount is equal to or greater than $40,000, the servicer must use a licensed contractor.

	The servicer may release proceeds received that are less than or equal to $40,000 directly to the borrower, but must release proceeds greater than $40,000 payable jointly to the borrower and contractor. • **For borrowers who were fewer than 31 days delinquent at the time of the disaster**, servicers are required to release up to the greater of $40,000, 33% of the insurance proceeds, or the amount by which the release funds exceed the sum of the unpaid principal balance (UPB), accrued interest and advances on the loan. Remaining funds may be distributed based on the repair plan reviewed and approved by the servicer. A final inspection is required to ensure that all repairs are completed, but inspection and a repair plan are not required if the total insurance proceeds are less than or equal to $20,000. If cosmetic (non-structural) work items adding up to less than $5,000 are outstanding when the final inspection occurs, the inspection may be considered final and the inspector must estimate completion dates for any unfinished items. •**For borrowers who were 31 or more days delinquent at the time of the disaster**, the servicer may make an initial disbursement of 25% of the insurance proceeds up to the greater of $10,000 or the amount by which the release funds exceed the sum of the UPB, accrued interest and advance on the loan. Remaining funds may be distributed in increments not to exceed 25% of the proceeds. Final inspection is required. *See* Freddie Mac Bulletin No. 2017-25, Nov. 2, 2017, *available at* http://www.freddiemac.com/singlefamily/guide/bulletins/pdf/bll1725.pdf. •Insurance loss settlements that are intended for contents losses or off-residence living expenses must be released to the borrower without delay. http://www.freddiemac.com/singlefamily/service/natural_disasters.html See § 3.1.4 for more detail.
Fannie Mae	In the wake of the 2017 hurricanes, Fannie Mae has temporarily revised certain requirements so as to assist borrowers who need upfront insurance proceeds to repair or rebuild their homes. These revisions are reflected in the following: • **For borrowers who were fewer than 31 days delinquent at the time of the disaster**, if the insurance proceeds are less than or equal to $40,000 the servicer must determine if, based on the type of repairs (*e.g.*, damage affecting the safety, soundness, or structural integrity of the property), a licensed contractor is required to restore or repair the property **and** the servicer is authorized to release the insurance loss proceeds payable only to the borrower. • **For borrowers who were fewer than 31 days delinquent at the time of the disaster**, if the insurance proceeds are equal to or greater than $40,000, the servicer must ensure that a licensed contractor is used to restore or repair the property, and the servicer must release up to the greater of $40,000, 33% of the insurance proceeds, or the amount by which the release funds exceed the sum of the unpaid principal balance (UPB), accrued interest and advances on the loan. Remaining funds may be disbursed based on periodic inspections of the progress of the repair work. A final inspection is required to ensure that all repairs are completed, but inspection and a repair plan are not required

	if the total insurance proceeds are less than or equal to $20,000. If cosmetic (non-structural) work items adding up to less than $5,000 are outstanding when the final inspection occurs, the inspection may be considered final and the inspector must estimate completion dates for any unfinished items. • **For borrowers who were 31 or more days delinquent at the time of the disaster**, if the proceeds are less than or equal to $5,000, the servicer is authorized to make the disbursement in one payment. If the proceeds are greater than $5,000, the servicer must release an initial disbursement of insurance loss proceeds of 25% of the total insurance loss proceeds, but no more than $10,000, or the amount by which the release funds exceed the sum of the UPB, accrued interest and advances on the loan, and must disburse the remaining funds in increments not to exceed 25% of the insurance loss proceeds following inspection of the repairs. *See* Fannie Mae Lender Letter LL-2017-09, Nov. 2, 2017, *available at* https://www.fanniemae.com/content/announcement/ll1709.pdf. See § 3.2.4 for more detail.
FHA	For borrowers who have hazard or flood insurance, the rules regarding the disbursement of proceeds may be found in the HUD Handbook, which states that the servicer must "ensure that hazard or flood insurance claims are filed and settled as expeditiously as possible." After approving a "Viable Repair Plan," a servicer must expedite the release of insurance proceeds for required home repairs. The servicer may apply insurance proceeds payable for home damages to arrearages and or reduction of the unpaid principal balance if the amount of the proceeds exceeds the costs to repair the damage to the home *or* if the proceeds are insufficient to repair the damage based on a certified repair estimate and the borrower is unable to show that s/he has additional funds from other sources to complete the repairs. The FHA's 203(h) Mortgage Insurance for Disaster Victims allows the FHA to insure mortgages for disaster victims who have lost their homes and are in the process of rebuilding or buying another home. Anyone whose home has been destroyed or severely damaged in a disaster area is eligible to apply, but note that the borrower's application for this insurance must be submitted to the lender within one year of the president's disaster declaration. The FHA's 203(k) Rehabilitation Mortgage Insurance program allows homeowners to finance up to $35,000 into their mortgage to repair, improve, or upgrade their homes. The financing can include the cost of both structural and non-structural repairs. See § 3.3.4 for more detail.
VA	The VA's Guidance on Natural Disasters states: "VA regulations (38 CFR 36.4329) require that lenders and holders ensure that homes financed with VA-guaranteed loans be sufficiently insured against hazards. Insurance proceeds are to be applied to the restoration of the security or the loan balance." See § 3.4.7 for more detail.
USDA	"Prior to release of hazard insurance proceeds because of damage caused by a natural disaster, servicers must complete a cost and benefit analysis on a case-by-case basis to determine if the property can be repaired or rebuilt. The servicer's actions must be based on the status of the mortgage, the amount of insurance proceeds, and the length of time required repairing or reconstructing the property, and the market conditions in the area. If the property will not be

	repaired or rebuilt, the insurance proceeds must be applied to the unpaid principal loan balance.” 7 C.F.R. § 3555.307(d). In damage cases: Insurance proceeds will be issued jointly to the servicer and the borrower. When the proceeds are used to repair the property, the servicer must make sure that a licensed contractor is used to perform the repairs. The servicer will release the proceeds in draws based on periodic inspections unless the homeowner qualifies for direct payment of insurance proceeds in accordance with paragraph 17.2 E of the Handbook, which governs hazard and flood insurance. The final draw will be paid after it has been verified that all repairs were completed satisfactorily. The servicer is responsible for obtaining all lien waivers for the work performed. If the premises were completely destroyed: The servicer should compare the unpaid principal balance with the insurance proceeds and any other relevant circumstances, such as local laws barring reconstruction of the destroyed property. “Insurance loss payments, condemnation awards, or similar proceeds will be applied on debts in accordance with lien priorities, on which the guarantee was based, or to rebuild or otherwise acquire needed replacement collateral.” See § 3.5.4 for more detail.

* http://www.freddiemac.com/singlefamily/pdf/guide.pdf
^ https://www.fanniemae.com/content/guide/svc061318.pdf
# https://www.hud.gov/sites/documents/40001HSGH.PDF