

MPF Announcement

September 11, 2017 2017-48

Alert

Policy Update ■
New Policy ■
Reminder ■
Clarification ■
Training Information ■

Audience

Program Management ■
Origination ■
Quality Control ■
Servicing ■
Underwriting ■
Compliance/Legal ■

Product

MPF Xtra® ■
MPF® Direct ■
MPF Government MBS ■
MPF Traditional ■

Effective Date:

Immediately

Hurricane Irma Relief Provisions and Property Condition Requirements

Servicing Requirements

Due to the devastating effects of Hurricane Irma, Servicers that are servicing **MPF Traditional** loans are authorized to grant forbearance or temporarily suspend mortgage payments for up to 90 days for Borrowers whose income is affected by the disaster or for Borrowers whose property is located in a Major Disaster area as designated by the Federal Emergency Management Agency (FEMA). (See: www.fema.gov). Servicers must consult with the Master Servicer before granting disaster-related relief that exceeds three months. Servicers under the Scheduled/Scheduled remittance option are expected to continue to make P&I advances as required.

Servicers that are servicing **Government Loans** should follow the disaster relief policies issued by FHA, VA, RHS or HUD as applicable.

Contact: MPF Service Center, 877-FHLB-MPF or 877-345-2673 or your MPF Bank Representative

Servicers that are servicing **MPF Xtra loans** should follow the disaster relief policies and announcements issued by Fannie Mae. Including:

<http://www.fanniemae.com/portal/media/corporate-news/2017/hurricane-irma-assistance-relief-6599.html?p=Media&s=News+Release&from=RSS> and
<https://www.fanniemae.com/singlefamily/disaster-assistance>.

Servicers must obtain information on each affected Borrower's current situation. This includes determining the extent of the Borrower's loss of income, assessment on all property damage and working with the Borrower on the assessment of all property insurance claims.

For all Borrowers whose property is located in a Major Disaster area and has incurred damage as a result of Hurricane Irma, Servicers must:

- Waive late fees for 90 days;
- Not file negative reports to the credit repositories for any payments not made for 90 days;
- Suspend all collection and Foreclosure proceedings during this 90 day period if in doubt about the effect of the disaster on the condition of the property or the Borrower's employment status until the status can be verified;
- Assess the extent of the damage and its effect on the Borrower's ability to sustain their mortgage payment;

- Provide guidance to the Borrower with respect to available relief provisions and/or loss mitigation alternatives;
- Ensure that insurance claims are filed and settled promptly, and, where appropriate per the MPF Guides, expedite the release of insurance proceeds to help the Borrower needing resources to repair their home; and
- Ensure that the property is repaired fully.

Servicers should not:

- Take any action that would jeopardize the full recovery of a hazard, flood, or earthquake insurance settlement; or
- Initiate or complete Foreclosure proceedings related to an affected property until it evaluates the economic feasibility of pursuing the Foreclosure.

Following this 90 day period, Servicers must complete an assessment of each Mortgage Loan to determine the appropriate workout alternative that best fits the Borrower's circumstances. All affected Servicers are required to work with the Master Servicer and/or the mortgage insurance company (if applicable) in determining the appropriate course of action on each affected mortgage.

The MPF Program will continue to evaluate the situation to determine whether this suspension should be modified to provide additional relief on a case-by-case basis.

Selling Requirements

As a reminder, PFIs warrant at the time a Mortgage Loan is delivered under the MPF Program that it meets all of the MPF Program requirements in the MPF Guides, specifically warranting that the following statements are true:

- No proceeding is pending for condemnation of all or any portion of the Mortgaged Property; and
- There are no adverse circumstances involving the Mortgage Loan, the Mortgaged Property or the credit worthiness of the Borrower that would reduce the value or marketability of the Mortgage Loan or Mortgaged Property.

Therefore, we want to remind PFIs that for a loan application in process or a closed Mortgage Loan where the Mortgage Loan is or will be secured by a property damaged by conditions related to Hurricane Irma, whether or not the property is located in any Major Disaster area as designated by FEMA, the condition of the property must meet all of the requirements of the MPF Guides at the time the loan is delivered. If the PFI feels it cannot make these representations and warranties on the date the Mortgage Loan is delivered, it must take prudent and reasonable actions to determine if the condition of the property has materially changed since the effective date of the Appraisal. This would include determining if an inspection or new Appraisal of the

property is required to support its representations and warranties.

PFIs that are originating **MPF Direct** loans should follow the disaster relief policies issued by Redwood Trust.

Additional Resources

PFIs may also refer to the following MPF Guide sections for further information regarding properties or Borrowers affected by a natural disaster:

For MPF Traditional:

- MPF Traditional Selling Guide Chapter 2.6.2.2.1 and 7.15
- MPF Traditional Servicing Guide Chapters 4.6.7, 4.6.8, 8.7

For the MPF Xtra:

- MPF Xtra Servicing Guide Chapter 8.5
- Fannie Mae Selling Guide B2-3-05, B3-4.3-07, B5-4-02, and B5-5.2-01
- Fannie Mae Servicing Guide D1-3, B5-01 and B5-02

For Government MBS

- MPF Government MBS Servicing Guide Chapters 4.6.7, 4.6.8, 8.7

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