Disaster Response & Rebuild
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Supports Single-Family and Multifamily Investments

Takes a “boots on the ground” engagement approach

Establishes local relationships with key partners

Incorporates long-term rebuilding strategies

Prioritizes mitigation and resiliency
Insurance Proceeds
Insurance Proceeds

Planning for Insurance Payouts after a Disaster

If a disaster damages or destroys your home, it could result in significant financial challenges. You may need to make several major decisions very quickly. Before taking action, learn about your disaster recovery options, especially those related to your homeowners insurance and the decision to rebuild or pay off your mortgage.
Homeowners should expect:

- Funds not distributed will be held in an interest-bearing account
- The servicer must review the final repair plan and monitor the repairs
- Disbursements will be based on the loan’s delinquency status
Insurance Proceeds

If the homeowner was current when the disaster occurred

Proceeds less than or equal to $40,000 can be released in one payment

Proceeds greater than $40,000 will generally be released in thirds and will require an inspection to release additional funds

Remote inspections are allowed
Insurance Proceeds

If the homeowner was delinquent when the disaster occurred:

Proceeds less than or equal to $5,000 can be released in one payment

Proceeds greater than $5,000 will be released in quarters not to exceed $10,000 and will require an inspection to release additional funds

Homeowner will be reviewed for a workout
Forbearances
Forbearance

Why?

Forbearance helps homeowners make reduced or no payments for a designated period of time.
Forbearance

What homeowners should be expected?

To get back on their feet without concern of foreclosure

To have the option of a forbearance with no payments

No late charges

No requirement to provide documentation verifying their financial hardship
Forbearance

What else should I know?

The initial forbearance may be up to 6 months with an extension for up to an additional 6 months.

The homeowner may shorten the forbearance plan term at any time.

The homeowner will receive a written notice with the forbearance plan terms.
Forbearance

What are the next steps after a forbearance?

Homeowners should reach out to their servicer towards the end of their forbearance

Work with the servicer to determine a forbearance extension or a long-term/permanent solution

Inform the homeowner that the payments are not forgiven, and the loan must be brought current
After the Forbearance

Evaluation Hierarchy

- Repayment Plan
- Disaster Payment Deferral
- Fannie Mae Flex Mod*
- Mortgage Release
- Short Sale
- Fannie Mae Flex Mod*

*based on reduced eligibility criteria
Repayment Plans
Repayment Plans

The hardship needs to be resolved and the payment affordable.

Regular scheduled payments plus an additional amount for a specific period of time.
Disaster Payment Deferral
Disaster Payment Deferral (PD)

How does it work?

Defer up to 12 months of past-due principal & interest payments, escrow advances, and other allowable servicing advances paid to third parties.

Deferred amounts are placed in a non-interest bearing balance due on maturity or payoff.

Terms of the loan are not changed.

A written agreement is required.
Disaster Payment Deferral (PD)

Eligibility Criteria

The loan:

- Current or less than 2 months delinquent as of disaster event
- One month or more delinquent but less than or equal to 12 months as of evaluation date
- Not have previously received a disaster PD for the same disaster event
Flex Modification

This workout may be the best chance at a lowered payment

Capitalize the arrearages into the loan balance
Extend the term to 480 months
Target a 20% payment reduction

Note: If the loan is less than 3 months delinquent after forbearance the homeowner must complete a Borrower Response Package (BRP). However, if it is 3 months or more delinquent, a BRP nor contact are required.
Short Sale
Short Sale

This workout avoids foreclosure when the homeowner no longer can afford their home

Servicer allows the sale of the home for less than the balance remaining on the loan

Borrower may be required to make a financial contribution

Receive a deficiency waiver which relieves the homeowner of the responsibility to pay any remaining balance of the loan

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Mortgage Release™ (Deed-in-Lieu of Foreclosure)
Mortgage Release™ (Deed-in-Lieu of Foreclosure)

This workout avoids foreclosure and offers a different exit option

Transfers ownership of the property to the lender in exchange for a release from the loan and payments

Homeowners may be required to make a financial contribution

Receive a deficiency waiver which relieves the homeowner of the responsibility to pay any remaining balance of the loan

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Disaster Response Network™
Disaster Response Network™

Operated by Clearpoint Credit Counseling Solutions

Offers holistic case management to Fannie Mae homeowners and renters at no cost, including:

- HUD-approved counselors and a call center model
- Case assessment and action plan
- Help with FEMA, insurance, SBA claims, and more
- Tri-party calls with assistance providers
- Self-advocacy and ongoing check-ins
- Online portal, tools, resources
Clearpoint’s operators will look up the homeowner’s or renter’s loan to see if it is Fannie Mae-owned. They will connect callers to the Disaster Response Network or other available resources.

Disaster-affected homeowners should call 877-833-1746.
Know Your Options