Freddie Mac Disaster Relief Reference Guide

February 2024

Freddie Mac SINGLE-FAMILY | Learning

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Freddie Mac is committed to providing payment relief and other assistance to borrowers when they have been impacted by a disaster. When a borrower's mortgaged premises or place of employment is impacted by a natural or man-made disaster, you must attempt to establish Quality Right Party Contact (QRPC) with the borrower, assess the extent of the damage, and work with the borrower to resolve any delinquency resulting from the disaster.

This reference guide outlines Freddie Mac requirements for assisting borrowers whose mortgaged premises or places of employment are located in an Eligible Disaster Area or whose property has experienced an insured loss from an eligible disaster. If you have any questions after reviewing this reference guide, refer to *Single-Family Seller/Servicer Guide* (Guide) Chapter 8404 or contact Customer Support Contact Center (800-FREDDIE).

What is an Eligible Disaster?

An Eligible Disaster is a disaster, either man-made or natural, which results in an area being designated as an Eligible Disaster Area.

An Eligible Disaster is also considered to be a financial hardship (e.g. a loss of income or increase in expenses) that impacts the borrower's ability to pay his or her current contractual monthly payment and either:

- The property securing the mortgage experienced an insured loss.
- The property securing the mortgage loan is located in a Federal Emergency Management Agency (FEMA)-Declared Disaster Area eligible for Individual Assistance.
- The borrower's place of employment is located in a FEMA-Declared Disaster Area eligible for Individual Assistance.

What is an Eligible Disaster Area?

An Eligible Disaster Area is an area comprised of counties or municipalities that have been declared by the President of the United States to be a major disaster area where federal aid in the form of individual assistance is being made available. Refer to the FEMA website to determine if a borrower's mortgaged premises or place of employment is located in an Eligible Disaster Area.

Late Charges

You may not assess late charges while the borrower is on a forbearance plan or paying as agreed on a repayment plan. Late charges may accrue during a Trial Period subject to the requirements in Guide Section 9102.2. However, all accrued and unpaid late charges must be waived if the mortgage is modified. Additionally, you must waive all accrued and unpaid late charges upon completion of a disaster payment deferral.

Outreach and Collection Efforts

As a reminder, servicing of a delinquent mortgage must be based upon personal contact via the methods listed below. Form letters and notices, while having a place in any servicing program, generally aren't as effective as personal contact and may not be used exclusively.

Collection techniques must include the use of:

- Telephone contacts or face-to-face interviews.
- Written communications such as email, notices and letters.
- Other responsible collection techniques as permitted under applicable law including, but not limited to, e-mail, text messaging, voice response unit (VRU) technology or a Servicer's web portal.

If you discover that the borrower's contact information (phone number or mailing address) is invalid, then you should initiate skip trace activities to obtain alternate phone numbers or mailing addresses.

Reporting to Credit Repositories

You must report activity to the credit bureaus in accordance with applicable laws, including the Fair Credit Reporting Act.

Protecting the Property Following a Disaster

You must perform the following activities to protect properties that have been impacted by a disaster:

- Ascertain the number of impacted mortgages in your portfolio and the extent of the damage caused by the disaster. To do this,
  - Determine the status of each property through discussions with the borrower, and/or
  - Complete a property inspection. Refer to Guide Section 9701.9 for additional information.
- Secure the property if it's been abandoned and hasn't sustained significant or total damage.
- Provide assistance to the borrower regarding options for local, state or federal disaster aid.
- Monitor and coordinate the insurance claim process and the progress of repairs.

If you determine that a disaster has impacted the mortgaged premises and there is a Risk of Property Ownership (as defined by the Guide Glossary), you must notify Freddie Mac within three business days of learning of the situation. To do this, send an email to Distressed_Property@FreddieMac.com. Attach Form 1013, 1-4 Unit Property Inspection Report, and any other information pertaining to the risk of property ownership.

Temporary Processes for Requesting Reimbursement for Property Inspections

You may need to conduct a property inspection of a mortgaged premises located in an Eligible Disaster Area that would not be reimbursable in accordance with Guide Sections 9202.12 and 9701.9. Therefore, we announced the temporary processes outlined below that you must use to seek Freddie Mac reimbursement of actual costs, subject to applicable expense limits, for exterior property inspections completed in accordance with Guide Section 8404.2 and interior inspections completed in accordance with Guide Section 8202.11.

We'll reimburse you for actual expenses incurred not to exceed $40 per required interior or exterior property inspection. You may request reimbursement of expenses incurred for insurance-related property inspections above $40 but must provide documentation supporting the reason for the additional expense.

Exterior Property Inspections

To request reimbursement for disaster-related exterior property inspections in accordance with Guide Section 8404.2, you must submit a spreadsheet once a month to NPL_Invoices@FreddieMac.com. Ensure the email subject line references "Disaster-Related Property Inspection Expense Reimbursement Request."

The spreadsheet must include the following information for all mortgages for which you are seeking reimbursement that month:

- Freddie Mac loan number
- Seller/Servicer Payee Code
  (If you are unsure of your Seller/Servicer Payee Code, send an email to 104_Expense@FreddieMac.com.)
- Expense Code 404005 (Exterior Property Inspection)
- Reimbursement request amount
- Property inspection expense date paid
- Vendor name

Note: If a property inspection was completed on a mortgage that was 90 days or more delinquent, that inspection would've already been required and would be eligible for reimbursement via the normal expense reimbursement process.

Interior Property Inspections

To request reimbursement for insurance-related property inspections on delinquent mortgages, you must submit a spreadsheet once a month to NPL_Invoices@FreddieMac.com. Ensure the email subject line references "Insurance-Related Property Inspection expense reimbursement request."

The spreadsheet must include the following information for all mortgages for which you are seeking reimbursement that month:

- Freddie Mac loan number
- Seller/Servicer Payee Code
  (If you are unsure of your Seller/Servicer Payee Code, send an email to 104_Expense@FreddieMac.com)
- Expense code 404007 (Interior Property Inspection)
- Amount of total insurance proceeds
- Reimbursement request amount
- Property inspection expense date paid
- Vendor name

Delinquency Management for Borrowers Impacted by an Eligible Disaster

When a borrower whose home or place of business is in an Eligible Disaster Area, you may place a borrower who becomes 31 or more days delinquent into a disaster forbearance plan for a period up to 90 days, at your discretion, even if you have not achieved QRPC. You must reassess each borrower on a regular basis during the forbearance period to determine if you should extend the forbearance or if the hardship has been resolved. **If you believe forbearance beyond a cumulative total of 12 months is warranted, you must make that recommendation to Freddie Mac and obtain our prior approval.**

For additional information about forbearance, refer to Guide Sections 9203.12 through 9203.21.

If the borrower is unable to send or receive documentation, you may waive the requirement that the forbearance plan be in writing. In these cases, enter the borrower into a forbearance plan through a verbal agreement.

Refer to the following table to determine how to manage a delinquency when an Eligible Disaster results in a hardship for the borrower.

If:	And:	Then:
You achieve QRPC	The borrower does not require a relief option and there is no risk of property ownership to Freddie Mac due to damage caused by the disaster	Continue to service the mortgage in accordance with Guide requirements.

If:	And:	Then:
You achieve QRPC, continued	The borrower does require a relief option or there is risk of property ownership to Freddie Mac due to damage caused by the disaster	You are not required to obtain a complete Borrower Response Package, and may offer the borrower: ▪ Forbearance for a period of one to six months, and, if necessary, ▪ One or more successive forbearance plan periods of one to six months. The forbearance plan may not be extended beyond a date that would cause the delinquency to exceed a cumulative total of 12 months of the borrower's contractual monthly mortgage payment, including taxes and insurance (if you are collecting escrow for those expenses) without Freddie Mac's prior approval.
You do not achieve QRPC	The borrower becomes 31 days or more delinquent <u>after</u> being impacted by an Eligible Disaster	At your discretion, you may place the borrower into a forbearance plan for up to 90 days in accordance with Guide Chapter 8404.4(a) If available, consider the following factors when determining whether to provide forbearance: ▪ The borrower's financial circumstances, and/or ▪ The extent of the property damaged caused by the Eligible Disaster. This forbearance plan cannot be extended beyond 90 days without QRPC or approval from Freddie Mac.
	The borrower was 31 days or more delinquent at the time of an Eligible Disaster	You must achieve QRPC to approve a forbearance plan for the borrower.

When offering a forbearance plan, the mortgage must be secured by a primary residence, second home or investment property. The property may be vacant or condemned, but not abandoned.

Transitioning after Disaster-Related Forbearance

Prior to the conclusion of the disaster-related forbearance period, attempt to establish quality right party contact with the borrower to determine if the hardship has been resolved and how to resolve the delinquency.

There are several factors you must consider, including, but not limited to:

- Whether you were able to achieve quality right party contact.
- The borrower's current financial circumstances, including the borrower's ability to resume making monthly mortgage payments.
- The status of the mortgage at the time of the disaster.

If the hardship has been resolved and the borrower is ready to transition to a permanent solution, you must evaluate the borrower for the most appropriate workout option to cure the delinquency. If the hardship has not been resolved, then you must evaluate the borrower's eligibility for extended forbearance.

Evaluation Hierarchy

Just like with non-disaster-related hardships, there is an evaluation hierarchy for loans that have been impacted by an eligible disaster. When you determine a borrower has been impacted by an eligible disaster, work your way through the relief options and alternatives to foreclosure until you find a solution that will best fit the scenario. Different from non-disaster related hardships, the hierarchy for disaster-related hardships includes options for when you are able to establish quality right party contact and options for when you are unable to establish quality right party contact.

When You Are Able to Establish QRPC:

Refer to the following table to determine how to proceed when you are able to establish quality right party contact.

<table>
<tr><th>If:</th><th colspan="2">Then:</th></tr>
<tr><td rowspan="5">The borrower was current or less than 60 days delinquent (had not missed more than one monthly mortgage payment) as of the date of the Eligible Disaster</td><td colspan="2">Determine if the borrower is able to resolve the delinquency through a reinstatement or repayment plan.</td></tr>
<tr><th>If:</th><th>Then:</th></tr>
<tr><td>The borrower is able to resolve the delinquency through a reinstatement or repayment plan</td><td>Accept a reinstatement and/or enter into a repayment plan with the borrower in accordance with Guide Chapter 9203.</td></tr>
<tr><td>The borrower is ineligible for or fails a reinstatement or repayment plan</td><td>Use Resolve® to determine the best solution to the delinquency in accordance with the following disaster evaluation hierarchy:
1. Disaster payment deferral
2. Freddie Mac Flex Modification® (in accordance with the requirements outlined in Guide Chapter 8404.6, if applicable)
3. Freddie Mac standard short sale
Refer to Guide Chapter 9208 for additional information.
4. Freddie Mac standard deed-in-lieu of foreclosure
Refer to Guide Chapter 9209 for additional information.</td></tr>
<tr><td>The borrower accepts a repayment plan offer AND subsequently fails the repayment plan and the Servicer is unable to establish QRPC</td><td>Evaluate the Borrower for a pro-active offer for a Disaster Payment Deferral by submitting as a DraftReq through Resolve by the fifteenth day of the following month.</td></tr>
<tr><th>If:</th><th colspan="2">Then:</th></tr>
<tr><td>The borrower was 60 days or more delinquent (had missed more than one monthly mortgage payment) as of the date of the Eligible Disaster</td><td colspan="2">You must use Resolve to evaluate the borrower in accordance with the loss mitigation evaluation hierarchy in Guide Section 9201.2.
Note: If the borrower had a disaster-related hardship but was 60 or more days delinquent as of the date of the Eligible Disaster, and you determine the borrower can maintain the existing monthly contractual payment, you must transmit an exception request for a Disaster Payment Deferral via Resolve to Freddie Mac.</td></tr>
</table>

If:	Then:
The borrower was performing in accordance with the terms of a Trial Period Plan at the time he or she was placed on forbearance as a result of an Eligible Disaster	You must use Resolve to determine the best solution to the delinquency in accordance with the disaster evaluation hierarchy in Guide Section 8404.6 (a)

When You are Not Able to Establish Quality Right Party Contact

If you are not able to establish QRPC during the disaster-related forbearance plan, you must submit a Draft Request (DraftReq) through Resolve to determine if the borrower is eligible for a disaster payment deferral. Proactively solicit the borrower and offer a disaster payment deferral within 15 days after the expiration of the forbearance plan if the following conditions are met:

- The borrower was current or less than 60 days delinquent (i.e., must not have missed more than one monthly payment) as of the date of the Eligible Disaster.
- The mortgage does not meet any of the eligibility exclusions for a disaster payment deferral.
- Resolve provides a response of Eligible for Draft to the draft request.

Refer to the “Proactively Soliciting Borrowers for a Disaster Payment Deferral” below for additional information.

Proactive Solicitation

When the Borrower Fails a Repayment Plan

If:	Then:
the borrower had an Eligible Disaster hardship and entered into a repayment plan agreement but subsequently failed the repayment plan and the Servicer is unable to establish QRPC	Submit a Draft Request (DraftReq) through Resolve to determine if the borrower is eligible for a disaster payment deferral. Evaluate the borrower for a proactive offer for a disaster payment deferral and send a proactive offer for a payment deferral by the fifteenth day of the following month. • The Servicer is not required to establish QRPC. • The Servicer is not required to confirm that the borrower meets the eligibility requirements described in Guide Section 9203.26 (a)(i)
If:	**Then:**
• The borrower had an Eligible Disaster hardship • The borrower entered into a repayment plan agreement but subsequently failed the repayment plan • The Servicer is unable to establish QRPC • The borrower is ineligible for a disaster payment deferral	Submit a Draft Request (DraftReq) through Resolve to determine if the borrower is eligible for a Flex Modification. Evaluate the borrower for a pro-active offer for a Flex Modification following the eligibility requirements in Guide Section 9206.5(e) and if an eligible for draft response is received from Resolve, send the proactive offer by the fifteenth day of the following month.

Proactive Solicitation for a Disaster Payment Deferral

Determine borrower eligibility by submitting the required data into Resolve as a DraftReq. If Resolve returns a response of Eligible for Draft, proceed with the solicitation. To proactively solicit a borrower for a disaster payment deferral, you must send a solicitation letter and a Disaster Payment Deferral Agreement. You may use Exhibits 1102 and Exhibit 1100, at your discretion for solicitation, however, the solicitation letter you send to the borrower must, at a minimum, provide the details of the disaster payment deferral and instructions on how to accept the offer. The solicitation letter must also include language that additional forbearance options are available, as applicable, and if the borrower's hardship is ongoing and the borrower needs payment relief, a Flex Modification may be available.

A borrower may accept the disaster payment deferral offer by either:

- Contacting you, the Servicer, directly in accordance with any acceptable outreach and communication methods.
- Returning an executed Disaster Payment Deferral Agreement, if applicable.
- Using any other method evidencing the borrower's acceptance, in compliance with applicable law (e.g., making the monthly payment due under the terms of the disaster payment deferral offer). **Note:** If you are permitting payment to constitute acceptance of the disaster payment deferral offer, you must require the borrower's payment to be submitted so that you receive it in the same month as the payment deferral offer is sent. This requirement must be described in the solicitation letter, if applicable.

Proactive Solicitation for a Streamlined Offer for a Flex Modification

If the borrower is ineligible for or declined a disaster payment deferral, you must determine if the borrower is eligible for a streamlined offer for a Flex Modification in accordance with the special Flex Modification requirements for borrowers impacted by an Eligible Disaster described in Guide Section 9206.5(e) by submitting a DraftReq through Resolve. Otherwise, you must evaluate in accordance with the regular Guide requirements for making a streamlined offer for a Flex Modification, as described in Guide Section 9206.5(c).

If Resolve returns an Eligible for Draft response, the borrower is eligible for a streamlined offer for a Flex Modification and you must send the borrower the Flex Modification Solicitation Offer – Not Based on an Evaluation of a BRP, amended as set forth in Guide Exhibit 93 for Eligible Disasters, and Exhibit 1191A, Freddie Mac Flex Modification Post-Disaster Forbearance Solicitation Cover Letter. You must amend the Trial Period Notice and Exhibit 1191A, as applicable, to conform to the Flex Modification program terms for borrowers impacted by an Eligible Disaster.

When to Send the Streamlined Offer for a Flex Modification

If the borrower:	Then send the streamlined offer for a Flex Modification:
Was ineligible for a solicitation for a disaster payment deferral	Within 15 days of the expiration of the forbearance plan.
Declined an offer for a disaster payment deferral	Within 15 days of the expiration of the disaster payment deferral offer.
Accepted a payment deferral and becomes 60 days delinquent within 6 months of the effective date	By the seventy-fifth day of delinquency if the borrower meets the eligibility requirements of Section 9206.5(e)

Freddie Mac Disaster Payment Deferral

The Freddie Mac disaster payment deferral is an offering available to assist borrowers who were current or less than 60 days delinquent (i.e., have not missed more than one monthly mortgage payment) as of the date of the Eligible Disaster. The disaster payment deferral does not permit capitalization of arrearages and instead permits an eligible borrower to bring the mortgage current by deferring delinquent amounts to create a non-interest-bearing balance that will become due at the earlier of the maturity date, payoff date, or upon transfer or sale of the mortgaged premises.

If the mortgage is subject to mortgage insurance (MI) and the MI company is not included on our list of [delegated mortgage insurance companies](#) for mortgage modifications, you must obtain delegation of authority from the MI or seek approval from the MI to complete the disaster payment deferral.

The disaster payment deferral does not include a Trial Period. As such, the borrower does not need to complete a Trial Period prior to entering into a disaster payment deferral. For additional information, refer to Guide 9203.26.

Borrowers who qualify to be evaluated for a Disaster Payment Deferral will typically be transitioning from a forbearance. However, forbearance is not a prerequisite to be eligible.

Eligibility Requirements for Disaster Relief Payment Deferrals

The following table highlights the eligibility requirements that will be evaluated for the borrower, property and mortgage eligibility when you submit a workout into Resolve for a disaster payment deferral.

Disaster Payment Deferral Eligibility Requirements	
Hardship	The borrower’s hardship must have been caused by an Eligible Disaster.
Borrower	You must achieve QRPC in accordance with Guide Section 9102.3(b) and confirm that the borrower: ▪ Has a hardship. ▪ Can resume making the existing contractual monthly payment on the mortgage. ▪ Is unable to afford a repayment plan or fully reinstate the mortgage.
Property	▪ The existing mortgaged property must be a primary residence, second home or investment property, and may be vacant or condemned.
Mortgage	▪ The mortgage must be a conventional first-lien mortgage currently owned or guaranteed by Freddie Mac. ▪ The mortgage must have been current or less than 60 days delinquent (i.e., must not have missed more than one monthly payment) as of the date of the Eligible Disaster. **Note:** If the mortgage was 60 or more days delinquent as of the date of the Eligible Disaster and you determine the borrower can maintain the existing monthly contractual payment, you must transmit an exception request via Resolve to Freddie Mac. ▪ The mortgage may be a fixed-rate, adjustable-rate or step-rate mortgage.

Disaster Payment Deferral Eligibility Requirements	
Mortgage, continued	▪ The mortgage must have been 30 or more days/one payment delinquent and less than or equal to 360 days/12 payments delinquent as of the date you evaluate the borrower for the disaster payment deferral. ▪ If the mortgage is subject to an indemnification agreement and is otherwise eligible under the disaster payment deferral requirements outlined in Guide Section 9203.26, you have discretion to approve the disaster payment deferral provided the following conditions are met: – The mortgage receiving the disaster payment deferral retains its credit enhancement. – If you are not the credit enhancement provider, you must first obtain in writing any required approval under the terms of the credit enhancement from the entity providing the enhancement to enter into a disaster payment deferral that complies with the requirements in Guide Section 9203.26; and – You remit to Freddie Mac an annual payment for the costs related to the disaster payment deferral (e.g., interest rate shortfall) as calculated by Freddie Mac in accordance with Freddie Mac's "Modification Loss Amount" methodology. The modification loss amounts due will be calculated on a monthly basis and billed on an annual basis for the life of the modified mortgage. If the mortgage is subject to a partial indemnification, each year you will be billed the appropriate percentage of the modification loss amount that corresponds with the partial indemnification agreement. Freddie Mac will determine the Modification Loss Amounts in accordance with a process described in Guide Section 9203.20. **Note:** You are not eligible to receive an incentive for completing a disaster payment deferral on a mortgage that is subject to an indemnification agreement. ▪ If the mortgage is a Texas Equity Section 50(a)(6) mortgage and you receive borrower notification classifying disaster payment deferral as a modification and claiming that the terms of the modification agreement do not comply with the provisions of Article XVI Section 50(a)(6) of the Texas Constitution, you must notify us within seven business days of receipt of such objection or complaint to Freddie Mac at Distressed_Property@FreddieMac.com. Include the following in your email: – Freddie Mac loan number – Servicer loan number – Transaction type (e.g., Texas Home Equity modification) – Accounting cycle in which Freddie Mac settled the workout – Servicer's analysis (e.g., a borrower complaint received related to a provision) ▪ When you receive our instructions, ensure that you comply with any required response timeframes to claims of defects and any other complaint in accordance with Guide Section 8104.1 and the Texas Constitution.

Mortgages that are Ineligible for a Disaster Payment Deferral

In some cases, Freddie Mac may approve an exception to Disaster Payment Deferral eligibility requirements. If the Servicer believes an exception should be considered, the request must be submitted through Resolve as an exception review. Mortgages ineligible for a disaster payment deferral include:

- FHA/VA and Guaranteed Rural Housing loans.
- Mortgages subject to recourse.

- Mortgages subject to an approved short sale or deed-in-lieu of foreclosure.
- Mortgages subject to a previous disaster payment deferral related to the same Eligible Disaster event.
- Mortgages currently subject to an unexpired offer to the borrower for a mortgage modification or other alternative to foreclosure.
- Borrowers currently performing under a modification Trial Period or repayment plan.
- Mortgages with a maturity date that's within 36 months of the evaluation date. The Servicer may submit an exception request if warranted by the borrower's circumstances.
- Mortgages with a projected payoff date based on payments due under the existing amortization schedule within 36 months of the evaluation date. The Servicer may submit an exception request if warranted by the borrower's circumstances.

Documentation Requirements for Disaster Payment Deferrals

The borrower is not required to provide a BRP to be considered for and offered a disaster payment deferral, if you have evaluated the borrower in accordance with all requirements described in Guide 9203.26, and the eligibility criteria has been satisfied.

How Disaster Payment Deferral Terms are Determined

Based on the information provided by the Servicer, Resolve will complete the following steps to determine the terms for a Disaster Payment Deferral:

1. Determine the amount that will be deferred. Amounts that may be deferred include delinquent principal and interest (P&I) (up to a maximum of 12 monthly payments) and any other expenses or amounts due that are permitted to be capitalized under Flex Modification capitalization rules as described in Guide Section 9206.15(b). Create a new non-interest bearing unpaid principal balance (UPB) (deferred UPB) or add the amount to be deferred to an existing non-interest bearing UPB, if applicable.

   The aggregate deferred UPB is due on the earlier of the following:

   a. Maturity date
   b. Payoff date (e.g., refinance or payoff of the interest-bearing UPB)
   c. Upon transfer or sale of the mortgaged premises
2. Advance the due date of the last paid installment (DDLPI) to bring the mortgage current.
3. Ensure all other terms of the existing mortgage remain unchanged, including, but not limited to the following:

   a. Remaining amortization schedule
   b. Monthly P&I portion of the existing contractual monthly mortgage payment
   c. Interest rate (ensure the existing rate adjustment schedule is maintained for ARM and step-rate mortgages)
   d. Maturity date

> Ensure that the payment schedule associated with the interest-bearing UPB remains unchanged from the mortgage's pre-Disaster Payment Deferral payment schedule.

Escrow Analysis

You are required to perform an escrow analysis for a disaster payment deferral prior to or during the determination of the borrower's eligibility for a disaster payment deferral. If an escrow analysis estimate is completed during the evaluation, then a new escrow analysis must be completed upon completion of the disaster payment deferral.

Escrow Shortage

If the escrow analysis reveals an escrow shortage, the Servicer must disclose the amount to the borrower before the borrower accepts the disaster payment deferral. If the borrower is unable to pay the escrow shortage as a lump sum, the borrower must pay the shortage as part of the monthly principal, interest, taxes, insurance (PITI) payment over a period of time from 12-60 months., Any escrow shortage identified by the Servicer at the time of settlement of the disaster payment deferral cannot be capitalized and the Servicer is not required to fund any existing shortage.

Escrow Advances

You must include any eligible escrow advances in the deferred balance. Escrow advances are amounts paid by the Servicer to satisfy payments due for taxes or insurance when the escrow account is not sufficiently funded to cover the full payment amounts.

Additionally, you are not required to revoke any escrow account waiver.

Calculation Example for a Disaster Payment Deferral

Below is an example of calculations for a disaster payment deferral.

- Interest-bearing UPB: $300,000
- Existing non-interest bearing UPB: $5,000
- Current P&I payment: $1,732.86
- Primary residence
- Escrow advance: $800
- Fixed-rate mortgage
- Current interest rate: 4.5 percent
- Number of payments missed during disaster-related forbearance period: 6
- DDLPI prior to payment deferral: 4/01/2020
- Maturity date: 4/01/2040

Step 1: Determine the amount that will be deferred.

In this example, the following amounts will be deferred:

- Six months of delinquent P&I payments: $1,732.86 x 6 = $10,397.16
- Escrow advance: $800.00

Delinquent P&I: $10,397.16

+ Escrow advance:......................................$800.00

Amount to be deferred: $11,197.16

Note: Interest is calculated on a declining balance as if payments were being applied

There was an existing non-interest bearing UPB prior to the disaster payment deferral, therefore we will add the deferred amount resulting from the disaster-related forbearance to the existing non-interest bearing UPB:

Amount to be deferred due to disaster-related forbearance $11,197.16

+ Non-interest bearing UPB prior to disaster payment deferral:......................$5,000.00

New Non-Interest Bearing UPB: $16,197.16

Step 2: Advance the DDLPI to bring the mortgage to a current status.

In this example, the total number of payments missed during the disaster-related forbearance period is six and the DDLPI prior to the disaster payment deferral is 04/01/2020. Therefore, we will advance the DDLPI six months, to 10/01/2020, to bring the mortgage to a current status.

Step 3: Ensure all of terms of the mortgage remain unchanged including, but not limited to, the following:

- Remaining amortization schedule
- Monthly P&I portion of the existing contractual monthly mortgage payment
- Interest rate (this includes maintaining the existing rate adjustment schedule for an ARM or a step-rate mortgage)
- Maturity date

In this example:

- The amortization schedule remains unchanged.
- The monthly P&I portion of the existing contractual monthly mortgage payment remains unchanged at $1,732.86.
- The mortgage will continue to be a fixed-rate mortgage with an interest rate of 4.5 percent.
- The maturity date remains unchanged and is April 1, 2040.

Completing the Disaster Payment Deferral

You must send a Disaster Payment Deferral Agreement to the borrower no later than five business days after you complete (i.e., close or settle) the disaster payment deferral. You may use Exhibit 1100 or your organization's customized equivalent of the Disaster Payment Deferral Agreement. Note that Exhibit 1100 is optional; however, it reflects the minimum level of information that you must communicate. If you choose to use your organization's customized equivalent of the Disaster Payment Deferral Agreement, ensure that it contains the same level of specificity.

You may require the borrower to sign and return the Disaster Payment Deferral Agreement to you. If you do, you must receive the fully executed agreement prior to the disaster payment deferral settlement date.

You must receive approval for the Disaster Payment Deferral from Resolve before you send the Disaster Payment Deferral Agreement to the borrower.

When to Complete the Disaster Payment Deferral

You must complete the disaster payment deferral in the same month you determine the borrower is eligible. If you are unable to complete the disaster payment deferral by the fifteenth day of the evaluation month, you are authorized to use an additional month to allow for sufficient time to complete the payment deferral. The Servicer must treat all borrowers equally in applying a processing month, as evidenced by a written policy.

As a reminder, you are not permitted to defer more than 12 months of payments as part of a disaster payment deferral. Therefore, if a processing month is used for a borrower who is already 12 months delinquent, you must require that they make a payment during the processing month to prevent the delinquency from rolling to 13 months. Otherwise, the borrower is not required to submit a payment during the processing month.

You must process a Disaster Payment Deferral Agreement in compliance with the requirements for processing a regular Payment Deferral Agreement, as described in Guide Section 9203.23.

The following table highlights some of the key requirements for processing a disaster payment deferral.

<table>
<tr><td>Recordation</td><td colspan="2">You must:
▪ Ensure that the mortgage retains its first lien position and continues to be fully enforceable in accordance with its terms at the time of completion of the disaster payment deferral, throughout the term of the mortgage and during any bankruptcy or foreclosure proceeding involving the mortgage.
▪ Record the Disaster Payment Deferral Agreement only when it is necessary to ensure its compliance with first lien retention and the disaster payment deferral enforcement requirement.</td></tr>
<tr><td>Title Endorsement</td><td colspan="2">You must:
▪ Ensure that the mortgage subject to the disaster payment deferral complies with applicable law, retains Freddie Mac’s first lien position, and is enforceable against the borrower(s) in accordance with its terms.
▪ Obtain a title endorsement or similar title insurance product issued by a title insurance company if the Disaster Payment Deferral Agreement will be recorded.</td></tr>
<tr><td rowspan="4">Document Custodian</td><td>If the Disaster Payment Deferral Agreement:</td><td>Then:</td></tr>
<tr><td>Does not have to be signed by the borrower</td><td>You must send a copy of the Servicer-executed Disaster Payment Deferral Agreement to the document custodian within 25 days of the effective date of the disaster payment deferral.</td></tr>
<tr><td>Must be recorded</td><td>You must:
▪ Send a certified copy of the fully executed Disaster Payment Deferral Agreement to the document custodian within 25 days of the effective date of the disaster payment deferral; and
▪ Send the original Disaster Payment Deferral Agreement, when returned from the recorder’s office, to the document custodian within five business days of receipt.</td></tr>
<tr><td>Must be signed by the borrower but not recorded</td><td>You must send the fully executed original Disaster Payment Deferral Agreement to the document custodian within 25 days of the effective date of the disaster payment deferral.</td></tr>
</table>

Future Evaluations

If the borrower is being evaluated for:	Then:
A Flex Modification	The disaster payment deferral will not count toward the eligibility cap on previous modifications (i.e., mortgages previously modified three or more times are not eligible for a Flex Modification).
A (non-disaster) payment deferral	The disaster payment deferral will not cause the borrower to be ineligible.

Reimbursement of Expenses

If applicable, use PAID (Payments Automated Intelligent and Dynamic) to request reimbursement for the following fees associated with the disaster payment deferral in accordance with Guide Section 9203.25:

- Recordation fees
- Title costs
- Notary fees

For additional information about requesting reimbursement of expenses, refer to the PAID online help.

Servicing Fee

There are no adjustments to the servicing fee, referred to as the servicing spread. You will continue to receive the servicing spread you were receiving prior to completing a disaster payment deferral.

Flex Modification Evaluations for Failed Disaster Payment Deferrals

If a borrower becomes 60 days delinquent within six months of the disaster payment deferral effective date, submit a draft request (DraftReq) for a Flex Modification through Resolve no later than the seventy-fifth day of delinquency. You are not required to first establish QRPC or obtain a complete BRP. If Resolve provides an Eligible for Draft response, proceed with the solicitation.

In accordance with the requirements for Flex Modification eligibility described in Guide Sections 9206.5 and 9206.6, only the following mortgages will be excluded from eligibility:

- FHA, VA or Guaranteed Rural Housing mortgages
- Mortgages subject to recourse
- Mortgages currently performing under another Trial Period or repayment plan
- Mortgages subject to an approved short sale or deed-in-lieu of foreclosure
- Mortgages currently subject to an unexpired offer to the borrower for another modification or other foreclosure prevention alternative, or repayment plan.

If you were not collecting escrow funds on the existing mortgage, the borrower is not required to establish an escrow account as a condition of the modification unless otherwise required by applicable law, or if you confirm that the taxes and insurance premiums have not been paid and are past due.

Refer to Guide Chapter 9206, and our publication, Freddie Mac Flex Modification Reference Guide, for additional information around Flex Modifications.

Resolve

Processing Disaster Payment Deferrals in Resolve

You must upload the required data into Resolve using either the User Interface or the Retention API path.

You must receive an Eligible for Draft or an Approved response from Resolve before you can provide the disaster payment deferral document to the borrower.

When processing disaster payment deferrals in Resolve, ensure that you take the following actions as you enter data:

- Select disaster as the hardship reason.

- Submit PDMD (disaster payment deferral) as the Workout Program Type.
- Ensure that you are submitting all required data per the metadata payment deferral sheet of the retention template.

Review the Resolve Online Help for detailed information about how to process Disaster Payment Deferrals.

Subsequent Modifications

If the borrower is evaluated for a subsequent mortgage modification, such as a Flex Modification, the disaster relief payment deferral or disaster Flex Modification will not count toward the eligibility cap on previous modifications (i.e., mortgages previously modified three or more times are not eligible for a Flex Modification).

Electronic Default Reporting (EDR)

It is important that you report your default activity accurately and timely via EDR. Accurate and timely reporting in accordance with the requirements outlined in the Guide is essential to many servicing-related activities, including, but not limited to, eligibility for workout compensation and effective foreclosure timeline management. Exhibit 82, EDR Transmission Code List, includes default action codes.

For additional information, refer to the EDR Quick Reference Guide.

Mortgages Affected by a Disaster

You must report all mortgages affected by a disaster-related hardship and placed on a forbearance plan in EDR, even if they are current, within the first three business days of the month following the month you learned of the hardship. To do this, report default reason code 034 (Eligible Disaster Area).

Note: For a COVID-19-related hardship identified prior to November 1, 2023, continue to report default reason code 032 (National Emergency Declaration), for any borrower with an ongoing COVID-19 related hardship that has not yet been resolved, even if that borrower is subsequently impacted by an Eligible Disaster. In these cases, do not report default reason code 034 (Eligible Disaster Area), but continue to report default reason code 032 until the COVID-19 hardship is resolved. If a borrower has resolved their COVID-19 related hardship and at some later date is impacted by an Eligible Disaster, then you must report default reason code 034 (Eligible Disaster Area) as that is the borrower's sole hardship reason at that time.

Quality Right Party Contact

EDR Code	Name	Report when:	Report the code and the following date:
AW	Date of First QRPC with delinquent borrower	You achieve QRPC for the first time.	Date you first achieved Quality Right Party Contact, within the first three business days of the month following the month the event took place. Report the code one time, in the month following the month in which you first achieved QRPC
AX	Date of Last QRPC with delinquent borrower	You last achieved QRPC with the borrower.	Report the code one time, in the month following the month in which you last achieved quality right party contact. **Note:** If you work with the borrower for several months to attempt to resolve the delinquency, you will report code AX with the date of last QRPC for each month you speak with the borrower.

Forbearance and Repayment Plans

You must report all mortgages in EDR that are subject to a repayment plan or a forbearance plan resulting from a disaster-related hardship. Use the table below to identify what default action codes you are required to report by the third business day of each month for the previous month's activity.

EDR Code	Name	Report when:	Report the code and the following date:
09	Forbearance	You entered into a forbearance plan with the borrower.	The due date of the first payment due under the forbearance plan, within the first three business days of the month following the month the event took place. For mortgages with due dates other than the first day of the month, you must report the default action date as the first day of the month in which the payment is due. **Note:** Proper servicing and default management reporting is critical to ensure that you receive the representation and warranty framework relief for which you are eligible with respect to delinquencies related to a disaster-related forbearance plan.
12	Repayment Plan	You entered into a repayment plan with the borrower.	Date you entered into the repayment plan, within the first three business days of the month following the month the event took place. Report the code each month until the mortgage is fully reinstated or the repayment plan ends.

Payment Deferral Offer

Resolve will report default action code H6 when a payment deferral is processed, however, you may report default action code H6, *Payment Deferral Offer*, to notify us that a mortgage is subject to an active disaster payment deferral offer in the following instances:

- The forbearance period ends prior to settlement of an accepted disaster payment deferral (e.g., you elected to use a processing month and the forbearance plan expires), and / or
- You made a proactive offer for a disaster payment deferral following the expiration of a forbearance plan

Continue to report default action code H6 each month until the offer has expired or the disaster payment deferral has been completed.

Flex Modifications

You must report default action code HD (Modification in Review) (Guide 9206.13) when you are evaluating, have submitted a draft request into Resolve or have sent a solicitation offer for a streamlined a Flex Modification to a borrower, within the first three business days of the month following the month the event took place. Report the date you began evaluating the borrower for the streamlined offer. Report the code each month until the streamlined offer expires or the borrower enters into a Trial Period.

Trial Period Plans

Use the table below to identify what default action codes you are required to report, as applicable, by the third business day of each month for the previous month's activity.

EDR Code	Name	Report when the borrower:	Report the code and the following date:
H4	Solicitation Letter Sent	Was sent a solicitation letter.	Date you sent the letter, one time, in the month following the month the event took place
HD	Modification in Review	Is being evaluated for a Flex Modification	Date you begin reviewing the loan, one time, in the month following the month the event took place
HE	Ineligible/Cancel Modification	Is ineligible for a Flex modification.	Date you made the decision, one time, in the month following the month the event took place If the Trial Period has been approved by Resolve and the borrower fails, withdraws or cancels their request, Resolve will report the HE code for you after you cancel the workout in Resolve.
BF	Standard Modification Trial Period	Has entered into a Trial Period for a Flex Modification	Resolve will report the BF code for each month, including an Interim Month if applicable, the Trial Period is in effect. No action needs to be taken by the Servicer.

If the borrower fails the Trial Period, report the cancellation through Resolve and report any initiated or resumed foreclosure activity via EDR.

Servicer Incentives

The following table identifies the incentives you will receive for payment deferrals and disaster payment deferrals, as well as updates to incentives for repayment plans and Flex Modifications.

<table>
<tr><th colspan="3">Servicer Incentive Payments</th></tr>
<tr><td>Repayment plans</td><td>$500</td><td rowspan="3">Servicer incentives are capped at $1,000 per mortgage in aggregate for all repayment plans, payment deferrals, disaster payment deferrals and Flex Modifications, that are completed.
Incentive amounts for liquidations are not subject to the incentive cap.</td></tr>
<tr><td>Payment deferrals and disaster payment deferrals</td><td>$500
for all payment deferrals and disaster payment deferrals.</td></tr>
<tr><td>Flex Modifications</td><td>$1,000</td></tr>
</table>

To receive compensation, you must successfully settle a Flex Modification by complying with all eligibility, underwriting, documentation, closing, and reporting requirements, including submitting accurate closing data to Freddie Mac, within two months after the Trial Period ends. Please note that the use of an interim month does not extend this two-month settlement requirement as an interim month is not part of the Trial Period.

Insurance Loss Settlements

When you receive notification that a property secured by a mortgage owned in whole or part by Freddie Mac has sustained damage due to fire, flood or other peril, you must monitor and coordinate the hazard insurance claim process.

Per Guide 8202.11, you must monitor and coordinate the claim process for loss or damage of mortgaged properties with the borrower and the insurer.

Disbursing Loss Proceeds

The following outlines our requirements for disbursing loss proceeds.

Note: If you receive an insurance claim check for contents or living expenses, you must release the insurance funds to the borrower without delay.

	When the mortgage is current or less than 31 days delinquent at the time of the loss:	When the mortgage is 31 or more days delinquent at the time of the loss:
Initial insurance loss draft	You may disburse proceeds up to the greater of: ▪ $40,000, or ▪ 33 percent of insurance proceeds, or ▪ The amount by which the release funds exceed the sum of the UPB, accrued interest, and advances on the mortgage	If proceeds are less than or equal to $5,000, you may disburse them in one payment. If the proceeds are greater than $5,001, you may make an initial disbursement of 25 percent of the insurance proceeds but not 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.
Additional loss drafts	You may distribute remaining funds based on the repair plan you reviewed and approved.	You may distribute remaining funds in increments not to exceed 25 percent of the insurance loss proceeds.
	You must inspect repairs prior to the release of any remaining funds.	
	When the mortgage is current or less than 31 days delinquent at the time of the loss:	When the mortgage is 31 or more days delinquent at the time of the loss:
Funds payable	You may issue insurance proceeds via check payable only to the borrower.	

Licensed Contractors

You are not required to validate that the contractor is licensed or bonded and insured regardless of the total claim proceeds amount.

Inspections

You must inspect repairs prior to the release of any remaining funds. Remote inspections are permitted under certain circumstances to confirm the progress or completion of repairs at the property. A final inspection is required in some cases to ensure all repairs are completed. Refer to Guide Section 8202.11 for additional information.

Refer to the following table to determine when remote inspections can be completed and when a final inspection is required.

	When the mortgage is current or less than 31 days delinquent at the time of the loss:	When the mortgage is 31 or more days delinquent at the time of the loss:
Remote Inspections	You may use either physical / onsite inspections or remote inspections to confirm the progress or completion of repairs at the property.	Remote inspections are not permitted.
Final Inspection	A final inspection is not required.	A final inspection is always required to ensure all repairs are completed.

Remote inspections can be used for mortgages that were current or less than 31 days delinquent at the time of the loss. You may use borrower submitted photos and/or video or conduct video calls with the borrower to document the progress or completion of repairs at the property.

When conducting remote inspections, ensure that you are complying with the following requirements:

- Determine the documented repairs are from the location of the property
- Authenticate when any borrower-submitted photos or video were taken and that such photos or video were not altered in any way
- Identify the repairs that are being documented and confirm the repairs (a) were completed in accordance with the insurance adjuster's itemized estimate and repair plan and (b) do not affect the safety, soundness, or structural integrity of the property or the ability to obtain an occupancy permit.

For remote inspections conducted by video call with the borrower, you must retain video or photo records of the call that clearly document your compliance with the above requirements.

Note: These remote inspection requirements do not extend to inspections required to confirm the status of the property after a disaster (Guide Section 8404.2) or inspections triggered by the delinquency of the mortgage (Guide Section 9202.12).

Borrower-Requested Cancellation of Borrower-Paid Mortgage Insurance

Refer to the following requirements related to borrower-requested cancellation of borrower-paid mortgage insurance for borrowers impacted by an Eligible Disaster whose mortgage was subject to a disaster-related forbearance.

When you receive a borrower's request to cancel borrower-paid mortgage insurance post-forbearance and after the mortgage has been restored to a current status, the borrower's payment history must meet the following requirements:

- There must be no payment 30 days or more past due in the preceding 12 months, except when the delinquency is a direct result of the mortgage being subject to a disaster-related forbearance plan, and following the disaster-related forbearance, transition to a relief or workout option to cure the delinquency (e.g., repayment plan or Trial Period) in accordance with Guide Section 8404.6, and
- There must be no payment 60 days or more past due in the preceding 24 months, except when the delinquency is a direct result of the mortgage being subject to a disaster-related forbearance plan, and following the disaster-related forbearance, transition to a relief or workout option to cure the delinquency (e.g., repayment plan or Trial Period) in accordance with Guide Section 8404.6.

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