



## Disaster Relief Policies – Selling FAQs

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### Major Disaster Plan Requirements and Flexibilities

#### **Q1. Will Freddie Mac implement its major disaster plan for all federally declared disasters?**

A: It is likely that a federal disaster declaration will trigger the implementation of Freddie Mac's major disaster plan, however, the major disaster plan is not specifically tied to a federal disaster declaration. For example, Freddie Mac will be able to more expeditiously invoke the plan in the event there is a delay in an announcement of the federal disaster declaration. Freddie Mac will determine when there is a major disaster and will announce the implementation of its major disaster plan through a Single-Family Seller/Servicer Guide Bulletin.

#### **Q2. Does Freddie Mac offer any flexibilities related to age of documentation for mortgages impacted by a disaster?**

A: Yes. When Freddie Mac has implemented its major disaster plan, Freddie Mac will permit an additional 60 days for age of documentation including property valuation and credit and capacity underwriting documentation.

#### **Q3. If Loan Product Advisor automatically pulls new credit on Mortgages that are submitted or resubmitted 120 days or more after the date of the initial/current credit report, how can the age of documentation flexibility be extended to credit reports?**

A: The age of the credit report flexibility can only be utilized if circumstances exist such that a resubmission to Loan Product Advisor, after the 120-day window, is not necessary. In the event a resubmission is required after 120 days, Loan Product Advisor will automatically pull a new credit report which will be used to assess the borrower(s).

### Collateral Representation and Warranty Relief – Automated Collateral Evaluation (ACE) Appraisal Waiver and Loan Collateral Advisor

#### **Q4. May I accept an ACE appraisal waiver offer if my property is located in a disaster area?**

A: Yes. Sellers may continue to accept an appraisal waiver offer if they represent and warrant the value and marketability of the mortgaged premises has not been adversely impacted. Guide Section 4407.1 provides the requirements and flexibilities when the property condition has been impacted.

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**Q5: Does Freddie Mac provide collateral representation and warranty relief through Loan Collateral Advisor if the property securing the mortgage is located in a disaster area?**

A: Yes, unless there are circumstances or conditions involving the mortgaged premises that would adversely affect the value or marketability of the mortgage. See Section 5601.9 for ACE appraisal waiver and Loan Collateral Advisor collateral representation and warranty relief eligibility requirements.

**GENERAL QUESTIONS**

**Q6: If I have a loan in process or a closed loan not yet delivered to Freddie Mac and a disaster occurs, is the mortgage eligible for sale to Freddie Mac?**

A: It depends. If the property has sustained minor damage that did not impact the safety, soundness, or structural integrity of the mortgaged premises, the Seller may deliver the mortgage if the Seller ensures all damage is documented and covered by insurance as required by Guide Chapter 8202 prior to delivery to Freddie Mac.

If the property damage impacts the safety, soundness, or structural integrity of the mortgaged premises, the property is not eligible as security for the mortgage. In this case, the mortgage is not eligible for sale to Freddie Mac until all repairs to the property are completed and documented.

Additionally, in either instance the Seller must be able to represent and warrant that the value and marketability of the property has not been adversely affected.

**Q7: What documentation is necessary to determine the eligibility of a mortgage following a disaster?**

A: Freddie Mac does not prescribe what type of documentation is required to verify the eligibility of a mortgage after a disaster. We recommend that the Seller's policies and procedures include documentation requirements sufficient for the Seller to represent and warrant the acceptability of the mortgaged premises and eligibility of the mortgage for sale.

**Q8: Is the Seller required to establish an escrow account when the property damage is minor but the property requires repairs?**

A: No, an escrow account is not required. However, the Seller must ensure all damage is documented and covered by insurance as required in Chapter 8202.