



3900 Wisconsin Avenue, NW  
Washington, DC 20016-2892

Date: May 11, 2006  
To: All Fannie Mae Single-Family Mortgage Servicers  
Subject: LL03-06: Hurricane-Related Special Relief Measures

In our February 14 Lender Letter to servicers, we announced several hurricane-related relief measures, including a foreclosure moratorium in counties and parishes where properties sustained moderate to significant damage. This letter revises the moratorium areas and extends it through August 31. We are also updating our guidance on various servicing issues relating to Hurricanes Katrina and Rita (the “Hurricanes”).

## **Foreclosure Moratorium**

In Lender Letter 01-06 we announced a moratorium on foreclosures in specific counties and parishes in Alabama, Louisiana, Mississippi, and Texas. The foreclosure moratorium provides homeowners with more time to make decisions about rebuilding and returning to their homes and communities and, where necessary, more time to work with their servicers to develop appropriate loss mitigation solutions. Given that the moratorium announced in Lender Letter 01-06 will be expiring soon, we are updating our guidance to servicers on how they should proceed with foreclosure decisions.

We will continue the foreclosure moratorium through August 31, 2006 for mortgages secured by properties in the following counties or parishes:

**Alabama** - Mobile;

**Louisiana** – Calcasieu, Cameron, Jefferson, Orleans, Plaquemines, St. Bernard, and St. Tammany;

**Mississippi** - George, Hancock, Harrison, Jackson, Pearl River, and Stone;

**Texas** - Jasper, Jefferson, Newton, and Orange.

For those mortgages secured by properties located in the moratorium area, servicers should continue working with the borrowers to provide assistance tailored to the particular circumstances faced by each borrower. A servicer should continue making every effort to contact borrowers. Fannie Mae will assist servicers who have been unable to locate borrowers. Servicers should submit such requests via e-mail to [hurricane\\_assistance@fanniemae.com](mailto:hurricane_assistance@fanniemae.com).

### **Foreclosure Approvals**

Mortgages secured by properties located in counties and parishes that are not part of the moratorium area should be handled in one of two ways:

- If the property sustained significant damage or the servicer has been unable to contact the borrower since the disaster occurred, the servicer must obtain our prior approval before beginning or continuing a foreclosure action or requesting relief from the automatic stay in bankruptcy in order to pursue a foreclosure action.
- In all other cases, the servicer should follow established foreclosure policies.

The decisions to begin, continue, or recommend a foreclosure action should be made only when all reasonable loss mitigation efforts have been attempted and foreclosure is the only alternative. If a servicer is in doubt about beginning or continuing a foreclosure action, the servicer should contact Fannie Mae.

### **Credit Bureau Reporting**

We remind servicers that they should not report a delinquency to the credit repositories if the missed payment is likely attributable to the hardship caused by the Hurricanes. Servicers should also continue to suspend credit bureau reporting for mortgages in forbearance or under repayment plans. When credit reporting activity resumes, servicers must not report the prior delinquent activity on any mortgage for the period that credit reporting was suspended.

We are also requesting that servicers not report to the credit repositories any action involving preforeclosure sales, deeds-in-lieu of foreclosure, or short payoffs that are directly attributable to the Hurricanes.

### **Insurance Claims**

Given the unprecedented nature of the losses caused by the Hurricanes, many insurers have extended the time for filing claims to 12 months. Since some of these claim filing extensions will soon expire, we are reminding servicers of their obligation to ensure that hazard and, if applicable, flood insurance claims are filed and settled promptly. When a servicer is unable to contact the borrower and is therefore unable to ascertain if a claim has been filed, insurance

companies recommend that the servicer contact the homeowner's insurance agent to determine if the borrower has submitted a claim.

\* \* \* \* \*

Servicers and lenders should contact their Servicing Consultant or Customer Account Manager or call our National Servicing Organization's Customer Care Center at 1-888-326-6438 (enter special code 7222 for Hurricane-related questions) if they have any questions about this Lender Letter.

Pamela S. Johnson  
Senior Vice President