



# Servicing Management Default Underwriter™ (SMDU™) Disaster Modification Submission Job Aid

September 15, 2017

This job aid helps to remind servicers of the Fannie Mae Servicing Guide policy and related SMDU functionality as it pertains to the **immediate** and **ongoing** activities regarding evaluating a borrower for mortgage relief due to a disaster-related hardship. It provides guidance when offering forbearance of mortgage payments (completed by the servicer outside of SMDU) and during the subsequent submission of disaster-related evaluations to SMDU.

Servicers are required to follow the two steps below:

The first step is for a servicer to provide forbearance relief to a borrower(s) affected by a disaster by providing a forbearance plan to the borrower based upon their circumstances as required by Servicing Guide D1-3-02, summarized in **Step 1** below. Although the forbearance plan is not evaluated through SMDU, it needs to be recorded in SMDU as a prior workout record as described on page 2.

By the end of the forbearance period or at the borrower’s earlier request that ongoing relief is needed, the servicer must evaluate the borrower for a disaster-related modification. Please refer to the SMDU evaluation instructions in **Step 2** below to conduct the evaluation.

## Step 1: Disaster Forbearance

[Servicing Guide D1-3-02: Providing Relief to a Borrower Who Is Affected by a Disaster \(11/12/2014\)](#)

### Offering a Forbearance Plan and Determining a Subsequent Workout Option After a Disaster Event

When the servicer’s review of the facts and circumstances indicates that the property, borrower’s employment or borrower’s income is seriously affected by a disaster event, the servicer is authorized to offer a forbearance plan in accordance with the following table.

If, when the disaster occurred, the mortgage loan was...	And, during the disaster relief period, the servicer...	Then the servicer is authorized to offer a forbearance plan term of up to...
current, less than or equal to 90 days delinquent, or performing on an active Trial Period Plan	achieved QRPC	6 months <b>Note:</b> If the borrower is unable to provide a complete BRP at the end of the initial 6 months of forbearance, the servicer may offer a successive forbearance up to six months in length, but not to exceed 12 months, without obtaining a complete BRP.
	did not achieve QRPC	3 months
greater than 90 days delinquent	achieved QRPC	6 months
	did not achieve QRPC	3 months

The servicer must use its discretion to determine the appropriate duration of the forbearance plan based on the extent of damage to the property and/or the financial impact to the borrower. The servicer must obtain Fannie Mae’s prior written approval to offer a forbearance plan term that exceeds those outlined in the table. The forbearance plan must otherwise adhere to the terms as described in *Standard Forbearance Plan Terms* in [D2-3.2-01, Standard Forbearance Plan](#).

After a forbearance plan is granted, the servicer must continue to work with the borrower to determine what additional steps can be taken (for example, application of insurance claim settlements to repair the



property). The servicer must evaluate the mortgage loan for a workout option prior to the expiration of the forbearance plan. (See [D2-3, Fannie Mae's Home Retention and Liquidation Workout Options](#) for additional information on available workout options.)

If the borrower converts from an active Trial Period Plan to a forbearance plan, the borrower may subsequently be eligible for a Fannie Mae workout option upon completion of the forbearance plan. If the borrower is eligible for a mortgage loan modification, the servicer must commence a new Trial Period Plan.

## Step 2: Disaster Modification Evaluation in SMDU

SMDU evaluates a submission for the best eligible loan modification and then structures it based upon policy in the Servicing Guide. A servicer using SMDU to evaluate a disaster modification must provide the standard data used for a normal SMDU submission, plus additional data.

A servicer using the SMDU User Interface (UI) may refer to the screenshots below on how to provide the additional data. Servicers using a B2B platform should refer to their respective platform documentation for details on how to provide the additional data.

### Additional Required Data for SMDU to Evaluate for a Disaster Modification:

1. The forbearance provided as part of the disaster relief effort as outlined in [Step 1](#) of this job aid must be reported in a Prior Workout Record using the following table. (See SMDU UI screenshot below.)

DD463 – Prior Workout Status Date	DD462 – Prior Workout Status Type Code	DD461 – Prior Workout Type Code
N/A – will not affect the evaluation for disaster modification	4 - Accepted by Borrower	FBO – Forbearance Plan (Other/Non-Standard)
N/A – will not affect the evaluation for disaster modification	5 - Provisional payment	
This date must be within 90 days when the servicer requests a SMDU trial evaluation	6 - Permanent Completed Workout	

**Prior Workout History**

TO SUBMIT TO SMDU

Status Date	Prior Workout Age	Status	Workout Type	Activity Type	Payment Reduction Percent	Subsequent Delinquency Severity	Fail/Cancel Reason
09/12/2017	2	Permanent/Completed Workout	Forbearance Plan (Other/Non-Standard)				

Number of Prior Modifications: 0

Callouts:

- If Status is Permanent/Completed Workout, date must be within 90 days when servicer requests SMDU trial evaluation.
- Select one of these three options.
- Select Forbearance Plan (Other/Non-Standard).



2. A hardship of Disaster (**19**) must be provided as the reason for the hardship in field **DD150 Hardship Reason Code**. (See SMDU UI screenshot below.)

The screenshot shows the SMDU UI for evaluating a workout. The 'Imminent Default' section has a dropdown for 'Is loan in danger of an immediate or inevitable default (IDI)?' set to 'Select...'. The 'Hardships' section has a table with columns for 'Reason', 'Start Date', 'End Date', and 'Primary Hardship Duration'. The 'Reason' dropdown is highlighted with a yellow box and a callout bubble that says 'Disaster must be selected.' The 'Start Date' and 'End Date' fields are empty, and the 'Primary Hardship Duration' dropdown is set to 'Select...'. The 'Primary Hardship' field is also empty. The 'Add Additional Hardship' link is visible below the table. The left sidebar shows the navigation menu with 'Hardship & Imminent Default' highlighted. The top right has a 'Submit to SMDU for Evaluation' button. The bottom left shows the copyright notice '©2017 Fannie Mae'.

If all of the evaluation information is successfully submitted to SMDU, it will provide the applicable disaster modification eligibility and results in the workout response.

Additional details regarding the post-disaster forbearance modifications that SMDU evaluates are available below:

- [D2-3.2 –12, Fannie Mae Flex Modification \(09/13/2017\)](#)
- [D2-3.2-10: Fannie Mae Cap and Extend Modification for Disaster Relief \(06/21/2017\)](#)

## For More Information

For other SMDU-related questions or support for SMDU submissions and responses, please contact the Servicing Support Center [online](#) or at 1-800-2FANNIE and press 1 then 3 and then select 2 for SMDU-related questions.

Hours of Operation: 9AM – 6PM ET, Monday through Friday