

## PFI Advisory

September 12, 2005

**Special Attention:** PFI's MPF Program Management and PFI's Servicing Management

### **Subject: Announcement of Hurricane Katrina Relief Provisions**

Due to the devastating effects of Hurricane Katrina, and following consultations with affected lenders, the Federal Home Loan Banks' MPF Program is working with its Participating Financial Institution Servicers (MPF Servicers) to provide special relief to borrowers affected by this recent disaster.

MPF Servicers are authorized to suspend mortgage payments for three months (September, October and November) for all borrowers qualifying for Individual Assistance whose property is located in the Major Disaster Areas as designated by FEMA on loans delivered under the MPF Program. (Major Disaster Areas are listed on FEMA's website at [www.fema.gov](http://www.fema.gov)). MPF Servicers under the Scheduled/Scheduled remittance option are expected to continue to make P&I advances as required. MPF Servicers that are servicing Government Loans should follow the disaster relief policies issued by FHA or VA, as applicable.

MPF Servicers are expected to obtain information on each affected borrower's current situation. This includes determining the extent of the borrower's loss of income, assessment on all property damage and working with the borrower on the assessment of all property insurance claims.

For all borrowers whose property is located in the Major Disaster Areas, MPF Servicers also are encouraged and authorized to:

- Waive late fees for the months of September, October and November;
- Not file negative reports to the credit repositories for any payments not made for the months of September, October and November;
- Expedite the release of insurance proceeds to help borrowers needing resources to repair their homes; and
- Suspend all collection and foreclosure proceedings during this three-month period.

Following this three-month period, MPF Servicers should complete an assessment of each mortgage to determine the appropriate workout alternative that best fits the borrower's circumstances. All affected MPF Servicers are required to work with the MPF Program Master Servicer and/or the mortgage insurance company (if applicable) in determining the appropriate course of action on each affected mortgage. The MPF Program will continue to evaluate the situation to determine whether this suspension should be modified to provide additional relief on a case-by-case basis.

**If you have any questions, please contact your MPF Bank Representative or call the MPF Customer Support Desk at 877-INFO-MPF (877-463-6673).**