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Default Reporting in Disaster Areas

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### **Default Reporting on Loans in Disaster Areas**

In light of the recently FEMA-declared National disasters, this is a reminder on how to perform default reporting in the Single Family Default Monitoring System (SFDMS) on delinquent loans located in the affected areas.

Mortgagees are reminded that requirements for servicing mortgages in Presidentially Declared Disaster Areas are provided in Chapter 14 of HUD Handbook 4330.1, Rev-5, Administration of Insured Home Mortgages, restated most recently in Mortgagee Letter 05-33. A 90 day moratorium on foreclosure is automatically imposed on properties actually affected by the disaster. Effective with Mortgagee Letter 98-20, the Department ceased issuing separate Mortgagee Letters for each disaster declaration. Rather, when the President declares a disaster, the mortgagee must check with the Federal Emergency Management Agency (FEMA) to obtain the specific affected counties and corresponding declaration dates. This information can be found at <http://www.fema.gov/news/disasters.fema> or by calling the local FEMA office. Please also see: [http://portal.hud.gov/portal/HUD?src=/program\\_offices/housing/sfh/nsc/disaster](http://portal.hud.gov/portal/HUD?src=/program_offices/housing/sfh/nsc/disaster).

More specifically, the following is how the National Servicing Center expects to see SFDMS reporting for the specifically affected areas:

1. On loans in the affected areas that were already going to be reported in SFDMS, report a Default Status Code of 34 (Natural Disaster). This will not open a new default episode. If the loan is a new default, report a 42 and then a 34.
2. On loans that are about to go into foreclosure or that are in the process of foreclosure and said actions are delayed/stopped for the moratorium, report a Default Status Code AS (HUD Foreclosure Moratorium). This is in addition to reporting the 34.
3. The Reason for Default should be 19 if the disaster directly contributed to the default; otherwise, use the Reason for Default that is already known for the case.
4. The Occupancy Status should remain the same unless you have reason to believe otherwise (i.e., if the property has been occupied, leave the Occupancy Status as Occupied unless you are informed that the property is vacant or an inspection reveals the property is vacant).

Report these codes every reporting cycle covered by the Moratorium. Please do not report on current loans in SFDMS, regardless of location. This information only applies to loans in default.

If you have any questions, please send them to [sfdatarequests@hud.gov](mailto:sfdatarequests@hud.gov).