



Supplement 25-03: Due Diligence for Designated Disaster Areas and States of Emergency

Effective: 05/28/25

Summary of Changes

HIGHLIGHTS

Effective for Mortgage Loans not Delivered as of May 28, 2025, additional requirements apply to Properties located:

- in a state, county, or municipality with a declared state of emergency; or
- within a Designated Disaster Area (DDA) as announced by the Federal Emergency Management Agency (FEMA) or any other Federal agency or department.

Primary Changes

A Designated Disaster Area (DDA) is any county or county-equivalent area (such as an independent city) designated by FEMA (or any successor agency or any other Federal agency or department) as adversely affected by a declared major disaster.

For all Properties not yet Delivered, if the Property is subject to a state, county, or municipality state of emergency or is located within a DDA declared at any time after your last Property inspection per the Guide, but prior to your Delivery of the Mortgage Loan to Fannie Mae, you must confirm the Property:

- is accessible;
- is in livable condition;
- has working utilities; and
- has no damage or flooding issues in
 - external areas,
 - common areas, or
 - interior units.



For Properties Located Within a DDA or Subject To a State, County, or Municipal Declaration of Emergency

If the...	You must ensure...
<ul style="list-style-type: none">• Mortgage Loan Origination Date has not yet occurred; and• Property was inspected before the DDA designation	<ul style="list-style-type: none">• the Borrower certifies no damage occurred; or• if the Borrower certifies damage occurred:<ul style="list-style-type: none">- the engineer<ul style="list-style-type: none">▪ re-inspects the Property, and▪ estimates damage;- there is a required Completion/Repair Escrow based on the inspection; and- DDA-related Completion/Repairs are completed within 6-months after the Mortgage Loan Origination Date. <p>NOTE: If the Borrower is unable to make any certification regarding the Property condition, you must:</p> <ul style="list-style-type: none">• suspend the Mortgage Loan closing; and• contact your Fannie Mae Deal Team.
<p>Mortgage Loan</p> <ul style="list-style-type: none">• Origination Date has occurred, and• has not yet Delivered.	<ul style="list-style-type: none">• the Borrower certifies no damage occurred, and the standard Borrower and Lender representations and warranties will apply when the Mortgage Loan is Delivered; or• if the Borrower certifies damage occurred:<ul style="list-style-type: none">- you obtain remediation plans from the Borrower including scope, cost, and completion before Delivery; or- if repairs cannot be completed before Delivery:<ul style="list-style-type: none">▪ you comply with Part V, Chapter 4: Asset Management: Loan Document Administration, Section 414: Casualty Losses – Performing Mortgage Loans; and▪ the repairs exceed the lesser of \$75,000 or 20% of the UPB, you submit the transaction to Portfolio Risk Management at drawer_am@fanniemae.com before Delivery.



Questions

Contact:

- The Fannie Mae Deal Team, for Properties not yet under application.
- The Property's applicable regional credit team, for Properties under application:
 - Southeast: mf_cu_southeast_region@fanniemae.com;
 - Northeast: mf_cu_northeast_region@fanniemae.com;
 - West: mf_cu_west_region@fanniemae.com; or
 - Central: mf_cu_central_region@fanniemae.com.
- Portfolio Risk Management at drawer_am@fanniemae.com, for Properties with a Committed Mortgage Loan not yet Delivered.