



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



## 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](mailto:mf_cu_southeast_region@fanniemae.com);
  - Northeast: [mf\\_cu\\_northeast\\_region@fanniemae.com](mailto:mf_cu_northeast_region@fanniemae.com);
  - West: [mf\\_cu\\_west\\_region@fanniemae.com](mailto:mf_cu_west_region@fanniemae.com); or
  - Central: [mf\\_cu\\_central\\_region@fanniemae.com](mailto:mf_cu_central_region@fanniemae.com).
- Portfolio Risk Management at [drawer\\_am@fanniemae.com](mailto:drawer_am@fanniemae.com), for Properties with a Committed Mortgage Loan not yet Delivered.