

Servicing Guide Announcement SVC-2011-20

November 16, 2011

Updates to Flood Insurance Policy

As indicated in the *Servicing Guide* (Part II, Chapter 3: Flood Insurance), Fannie Mae requires that any mortgage loan secured by a property located in a Special Flood Hazard Area (SFHA) have adequate flood insurance when the mortgage loan is originated and that the coverage be maintained for as long as the mortgage loan is outstanding or as long as the property is in an SFHA. Fannie Mae also requires flood insurance coverage for a mortgage loan if the remapping of a flood zone results in the security property being in an SFHA (even though no flood insurance was required when the mortgage loan was originated). This means that servicers must actively monitor all flood map and community status changes and take appropriate action to ensure appropriate insurance is obtained, if necessary, as changes occur.

With this Announcement, Fannie Mae is advising servicers of their obligation to ensure flood coverage is properly maintained per current policy guidelines and establishing a timeframe within which servicers must respond to requests for evidence of flood insurance compliance.

Effective Date

The policy requirements in this Announcement are effective immediately for all mortgage loans located in an SFHA.

Flood Insurance Compliance Testing

Fannie Mae regularly conducts portfolio testing to ensure servicers are maintaining adequate flood insurance coverage for any mortgage loan secured by a property located in an SFHA.

Servicers may be notified by Fannie Mae to provide evidence of adequate flood insurance coverage for specific mortgage loans selected for testing. The servicer must provide evidence of flood insurance coverage within 10 business days of the date of Fannie Mae's request. The notification of the flood insurance compliance test will provide the servicer with the instructions and required documentation needed to complete the testing.

Servicers should contact their Servicing Consultant, Portfolio Manager, or Fannie Mae's National Servicing Organization's Servicing Solutions Center at 1-888-FANNIE5 (888-326-6435) with any questions regarding this Announcement.

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