



NEW YORK STATE SENATOR

Charles J. Fuschillo Jr.

## Senator Fuschillo Announces Fannie Mae and Freddie Mac Agree to New Rules to Accelerate Release of Insurance Funds to Homeowners Affected by Sandy

CHARLES J. FUSCHILLO JR. February 26, 2013

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Senator Charles J. Fuschillo, Jr. (R-Merrick) announced that Fannie Mae and Freddie Mac have agreed to new rules to accelerate the release of insurance proceeds to homeowners affected by Superstorm Sandy. Fannie Mae and Freddie Mac have reduced restrictions on how banks and mortgage services may release insurance money to homeowners.

Both the Department of Financial Services and Senator Fuschillo requested Fannie Mae and Freddie Mac to change their regulations in an effort to expedite the release of insurance funds to homeowners.

“Families whose homes were damaged by Superstorm Sandy are desperate to repair their homes and move on with their lives, but many cannot because their insurance payments were being delayed by bureaucratic red tape. Many banks and mortgage servicers told homeowners they could not release their insurance funds more quickly because of Fannie Mae and Freddie Mac’s regulations. Now that these regulations have been changed, banks and mortgage servicers will have more flexibility to provide these sorely needed funds. They should do so without any delay,” said Senator Fuschillo.

Many residents whose homes were damaged during Superstorm Sandy are facing delays in obtaining insurance funding because their claim check is issued jointly to them and their bank or mortgage company. This requires the bank or mortgage company to also endorse the check before the homeowner can access the funds. According to findings by the Department of Financial Services earlier this month, banks were holding approximately \$208 million in insurance funds from Superstorm Sandy victims. The Department stated that many of these banks frequently cited Fannie Mae and Freddie Mac guidelines as the reasons they are unable to disburse more funds.

Fannie Mae and Freddie Mac have implemented emergency reforms to give banks and mortgage companies more discretion to release funds. Banks and mortgage companies will have complete and unlimited discretion to disburse insurance proceeds to borrowers who were current on their mortgage payments prior to the storm and have less than 80 percent damage to their homes and should apply the same practices to their Fannie Mae and Freddie Mac loans as they do to loans they own themselves, subject only to quality assurance programs.

Senator Fuschillo also urged banks and mortgage servicers to use this discretion to release as much funding as possible to help residents continue to rebuild and recover.