



## Hazard Loss Quick Guide

Use this quick reference guide for best practices on submitting your hazard loss. You'll also find the differences highlighted between submitting Form 1140, Parts I and II in this guide.

### SUBMITTING FORM 1140, PARTS I AND II

[Form 1140](#) can be found on the [Guide and Forms page](#) of the Freddie Mac Multifamily website. Click on the "Numbered Guide Forms" tab and find it in the drop-down list.

#### Why should I submit Form 1140, Part I?

- There has been an event of default under the loan documents
- Death or serious injury has resulted from the event
- The mortgage was originated as a held-for-sale asset, but has not yet been securitized
- The mortgage is an SBL mortgage and the estimated loss is greater than \$25,000
- The mortgage is a non-SBL mortgage and the estimated loss is greater than \$50,000

#### When is Form 1140, Part II required?

- There has been an event of default under the loan documents
- The percentage of units that sustained any damage is 10% or more of the property's total units
- The estimated loss amount is greater than \$500,000 or 10% of the outstanding UPB
- The mortgage has not been securitized, has a risk rating greater than six and the estimated loss is greater than \$50,000
- The borrower's insurance coverage is insufficient to cover the loss to the property or loss of rents/business income and the estimated loss amount is greater than \$50,000
- Death or serious injury has resulted from the event

### DIFFERENCES BETWEEN SUBMITTING PART I AND PART II

We've highlighted some noteworthy steps in each submission process.

#### Form 1140, Part I

- Asset Management will create a Property Reporting System (PRS) LIT – Hazard Loss within 48 hours of notification from the Document Management System (DMS)

- If any information is outstanding at the time of the initial notification, we require a Part I update within 90 days
- No Borrower Completion Certification is required
- Servicer confirms repair completion via email or comment in PRS
- Disbursements are fully servicer-delegated

### **Form 1140, Part II**

- Freddie Mac verifies package completeness with 48 hours of Form 1140, Part II and all documents
- Incomplete packages will not be assigned for review and approval
- A Restoration Plan requires Freddie Mac approval
- Consent Request Tracker (CRT) entry only if borrower does not intend to rebuild
- Freddie Mac determines delegation; either servicer-delegated or the servicer must submit Form 1140-DR
- Borrower Certificate of Completion required to provide evidence that the property has been restored and clear of any liens

### **HELPFUL TIPS**

- The *Freddie Mac Multifamily Seller/Servicer Guide*, Section 43.8(a) covers Hazard Losses
- Form 1140 is required even if no insurance claim is filed
- Submit Form 1140, Part I in DMS by uploading and clicking on “Submit to Hazard Loss”
- Multiple documents can be uploaded to PRS at once
- The sub-servicing agreement between the master servicer and primary servicer is always the binding document in terms of how to notify the master servicer of hazard losses