

***Announcement 09-38***

***December 24, 2009***

***Amends these Guides: Servicing***

***Miscellaneous Servicing Policy Changes***

## **Introduction**

This Announcement contains several updates and clarifications to various servicing policies, as itemized below:

- Temporary Review Period for Active Home Affordable Modification Program (HAMP) Trial Modifications Scheduled to Expire on or before January 31, 2010
- Clarification on the Retirement of Risk Profiler<sup>®</sup>
- Quality Assurance Reviews for Acquired Properties
- London Interbank Offered Rate (LIBOR) Index
- Servicer Reporting of Address Changes to Fannie Mae

## **Temporary Review Period for Active HAMP Trial Modifications Scheduled to Expire on or before January 31, 2010**

On December 23, 2009, the Treasury Department issued Supplemental Directive 09-10: *Home Affordable Modification Program – Temporary Review Period for Active Trial Modifications Scheduled to Expire on or before January 31, 2010*, implementing a temporary review period for all active HAMP trial modifications scheduled to expire on or before January 31, 2010. Effective immediately, Fannie Mae servicers are required to comply with the requirements of Supplemental Directive 09-10 for all conventional mortgage loans with active trial periods scheduled to expire on or before January 31, 2010 that are either held in Fannie Mae's portfolio, part of an MBS pool that is serviced under the special servicing option, or a shared-risk MBS pool for which Fannie Mae markets the acquired property.

## **Clarification on the Retirement of Risk Profiler**

### ***Servicing Guide, Part VII, Section 209: Using Risk Profiler***

In Announcement 09-22, *Miscellaneous Servicing Policy Changes*, Fannie Mae announced that Risk Profiler, Fannie Mae's behavioral scoring model that predicts the likelihood of default,

would no longer be available on or after October 1, 2009. Servicers were instructed to service all mortgage loans owned or securitized by Fannie Mae by using the servicing guidelines as outlined in the applicable sections of the *Servicing Guide*.

Effective immediately, a servicer may choose to use a model to assist the servicer in predicting the likelihood of default or foreclosure, and to use the results of the model to target its collections and default management practices as long as the servicer's collections and default management practices meet or exceed the minimum standards as outlined in the applicable sections of the *Servicing Guide*.

## **Quality Assurance Reviews for Acquired Properties**

### ***Servicing Guide*, Part I, Section 301.02: Fannie Mae's Quality Assurance Reviews; and Part VIII, Section 303: Consideration of Purchase Orders**

Fannie Mae is announcing a recently implemented change regarding quality assurance reviews. When Fannie Mae is notified that a property has been acquired, Fannie Mae begins the disposition process by obtaining opinions on the market value of the property, preparing the property for sale, and listing it with a real estate broker. If Fannie Mae has required a file for review, Fannie Mae will begin the process of reviewing the file to determine whether the mortgage meets Fannie Mae's requirements.

When Fannie Mae receives an offer to purchase a property that is also subject to an underwriting or servicing review, Fannie Mae may accept the purchase offer without first notifying the servicer, whether or not a final decision has been reached with respect to the review. If, after completion of the review, Fannie Mae determines that the mortgage loan did not meet its eligibility or underwriting requirements and Fannie Mae has incurred a loss by selling the property, the lender will be required to fully reimburse Fannie Mae for its loss.

## **LIBOR Index**

### ***Servicing Guide*, Part IV, Section: 201, Monitoring the Index; and Section 202: "Look-Back Period"**

Fannie Mae is clarifying that servicers must use the LIBOR index values in the print edition of *The Wall Street Journal* to determine an interest rate change. Servicers must establish procedures to monitor the index to ensure that the correct index value is used in determining the new interest rate.

## **Servicer Reporting of Address Changes to Fannie Mae**

### ***Servicing Guide*, Part X, Section 203: Transaction Type 82 (Loan Address Change Record)**

Fannie Mae's servicer and investor reporting platform captures loan-level detail on mortgage loans that are serviced on behalf of Fannie Mae. It is critical that Fannie Mae have the most up-to-date and accurate information on these loans, and there are established transaction types that

are used by servicers to transmit updated data to Fannie Mae. These transaction types are described in Part X, Chapter 2 of the *Servicing Guide*.

Effective with this Announcement, servicers are required to transmit property address updates to Fannie Mae using Transaction Type 82 (Loan Address Record Change) to correct not only renumbered or renamed streets or zip code changes due to postal realignments, but also to correct any errors in the property address transmitted to Fannie Mae at the time of delivery, e.g., misspelled street names or missing unit numbers. In addition, Fannie Mae is clarifying that addresses that include a post office box are not acceptable.

In accordance with Fannie Mae's DU Refi Plus™ and Refi Plus™ products that provide expanded refinance opportunities for existing Fannie Mae borrowers, it is imperative that servicers consistently update property address in a timely manner. Fannie Mae will use this information to ensure the existing mortgage is owned or securitized by Fannie Mae, and confirms that the existing loan is eligible for these refinance flexibilities. When the information is not accurate, borrowers may experience delays in the refinance process until such time as the information is updated or eligibility is confirmed through other means.

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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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