

Servicing Notice

March 28, 2014

Late or Inaccurate Mortgage Loan Reporting

Currently, Fannie Mae sends a Failed Business Rules Report to a servicer that fails to submit its Fannie Mae investor reporting system reports on a timely basis or fails to use the correct data and formats. Fannie Mae may assess a compensatory fee for these failures and may elect to offer a remediation period.

Announcement SVC-2012-21, *Servicing Guide Updates to Conform to the FHFA Directive on Harmonized Contracts*, revised the maximum compensatory fee assessment for each instance of late or inaccurate loan reporting. A servicer may be assessed these fees to reimburse Fannie Mae for the losses and damages that result from such servicing breaches, including reimbursement for Fannie Mae's internal administrative costs in tracking, reporting, and correcting these errors.

- Greater of \$250 or \$50 per mortgage loan, up to a maximum of \$5,000, for the first instance of late or inaccurate reporting;
- Greater of \$500 or \$50 per mortgage loan, up to a maximum of \$10,000, for the second instance of late or inaccurate reporting (if it occurs within one year of the first instance); and
- Greater of \$1000 or \$50 per mortgage loan, up to a maximum of \$15,000, for each subsequent instance of late or inaccurate reporting (if any subsequent instance occurs within one year of the most recent previous instance).

Effective May 1, 2014, Fannie Mae will begin issuing warning letters and assessing compensatory fees to affected servicers for failing to meet these servicing requirements. Alternatively, Fannie Mae reserves the right to issue an indemnification demand to any servicer that breaches these servicing requirements.

Servicers are reminded to work with their Investor Reporting and Exceptions Management Team Analysts to review and remediate the Failed Business Rules Report.