



## ***Reverse Mortgage Loan Servicing Manual Announcement RVS-2018-02***

**July 11, 2018**

### ***Reverse Mortgage Loan Servicing Manual Update***

The *Reverse Mortgage Loan Servicing Manual* has been updated to include changes related to REO Hazard Insurance Coverage Requirements. This policy change is applicable only to Home Equity Conversion Mortgage (HECM) reverse mortgage loans.

#### **REO Hazard Insurance Coverage Requirements**

In response to customer feedback, *Reverse Mortgage Loan Servicing Manual* [5-04, Property Management](#), has been updated to revise hazard insurance coverage requirements related to HECM REO. Specifically, the *Reverse Manual* has been updated to require that, for HECM loans, the servicer place a property insurance policy on the acquired property in accordance with HUD guidelines and up to the HUD foreclosure appraisal amount or deed-in-lieu property valuation amount, as applicable. In the rare instance the servicer is unable to obtain a HUD foreclosure appraisal or deed-in-lieu property valuation, the servicer must place coverage in accordance with HUD guidelines and up to the unpaid principal balance (UPB) amount. The requirements for REO hazard insurance coverage for Home Keeper mortgage loans remain unchanged.

#### **Effective Date**

Servicers are encouraged to implement this policy change immediately, but must implement the change no later than October 1, 2018 for both new liquidations and existing properties in REO inventory.

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Contact your Reverse Mortgage Loan Servicing Representative in Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643) with any questions regarding this Announcement.

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