

**Announcement SVC-2010-06****April 28, 2010*****April 2010 Servicing Guide Update: Part VII, Delinquency Management and Default Prevention; and Part VIII, Foreclosures, Conveyances and Claims, and Acquired Properties*****Introduction**

Fannie Mae is announcing the release of two updated *Parts* of its *Servicing Guide*. *Part VII* discusses servicing functions that pertain to the management of delinquent mortgage loans and mortgage loans where default is considered reasonably foreseeable. *Part VIII* addresses Fannie Mae's foreclosure procedural requirements, requirements for conveying properties and filing claims, and the servicer's general administrative duties for managing and disposing of acquired properties. This update includes the incorporation of previously issued announcements that have impacted *Parts VII* and *VIII* (see the attachment to this Announcement). In addition, Fannie Mae is adding new or updating a number of existing policies and procedures, which are briefly summarized in the table appearing below.

**Effective Dates for the 2010 Servicing Guide Parts VII and VIII**

The effective date for each section is the date that is shown in parenthesis next to each section title. If multiple changes with different effective dates were made to the same section, only the latest effective date is shown. Generally, although servicers are encouraged to implement the new requirements as soon as possible, they have a mandatory effective date of January 1, 2011.

**Effective Date for Servicing Standards and Collection Procedures (Part VII, Chapters 1 and 2)**

The new requirements regarding *Servicing Standards* and *Collection Procedures* (*Part VII, Chapters 1* and *2*), however, are particularly important and material to Fannie Mae's on-going efforts to keep borrowers in their homes and to reduce credit losses. Accordingly, servicers must use diligent efforts to implement them as soon as feasible, but in no event later than January 1, 2011. Fannie Mae may direct servicers in writing on an individual basis to implement some or all of the new *Servicing Standards* and *Collection Procedures* for all or particular segments of their Fannie Mae portfolios by a specific date in 2010 as Fannie Mae determines to be necessary or appropriate. In the event Fannie Mae directs servicers to implement the new *Servicing Standards* and *Collection Procedures* by a specific date in 2010, servicers must take any additional steps necessary to comply.

Furthermore, the *Servicing Standards* and *Collection Procedures* are minimum standards, which may need to be supplemented for mortgage loans with higher delinquency risk or in other

appropriate circumstances in order to meet an acceptable level of servicing performance. When Fannie Mae determines it to be appropriate, servicers may be directed on an individual basis to employ additional or enhanced requirements to help reduce delinquencies.

## New Policies and Procedures

The following policy or procedural changes have been incorporated into the April 2010 updated *Servicing Guide Parts VII or VIII*.

<b>Part, Chapter and Section</b>	<b>Topic</b>
<p>Part VII, Chapter 1, Sections 102 and 103</p>	<p><b>Adequate Staffing Levels for Default-Related Activities</b>            This Section requires servicers to maintain staffing levels for default-related activities conducive to achieving acceptable performance standards established by Fannie Mae. Servicers are also required to employ staff that is able to effectively communicate with borrowers whose mortgage loans they service, include multi-lingual staff.</p> <p><b>Training Requirements</b>            Servicers must</p> <ul style="list-style-type: none"> <li>• design and implement training programs specific to Fannie Mae's policies and procedures;</li> <li>• deliver to all employees and agents continuing training on all policy changes communicated through future announcements, lender letters, and other correspondence that Fannie Mae issues; and</li> <li>• ensure that their employees are knowledgeable in all aspects of collection and foreclosure prevention strategies, including Fannie Mae's workout hierarchy and the Home Affordable Modification Program requirements.</li> </ul> <p><b>Servicer Monitoring of Performance and Response Requirements</b>            All servicers must have a quality assurance program that includes</p> <ul style="list-style-type: none"> <li>• call monitoring,</li> <li>• reviewing foreclosure prevention casework, and</li> <li>• implementation of appropriate corrective action and training.</li> </ul> <p>The servicers' reviews must ensure that Fannie Mae's program requirements and workout hierarchy are followed. Servicers are also required to ensure that any outsourced servicing activities have appropriate staffing levels and training. Each servicer will be required to provide evidence of the quality assurance program upon request.</p>
<p>Part VII, Chapter 2, Sections 201 and 202 and Exhibit 1</p>	<p><b>Inbound Call Coverage</b>            Section 201 requires servicers to establish a written policy to address inbound call coverage for customer service, collections, and foreclosure prevention. In addition, the foreclosure prevention department must be operationally staffed during inbound and outbound collection activities unless collections staff are also well-versed in foreclosure prevention options.</p>

Part, Chapter and Section	Topic
	<p><b>Outbound Call Attempts</b> Section 202 and the Exhibit provide specific instructions for the timing of outbound call attempts related to collections, workout solicitations, and follow-up. The new policy also clarifies that unmanned automated message calls do not constitute a sufficient attempt to contact the borrower, and requires servicers to utilize manned call attempts.</p> <p><b>Servicing Best Practices Reference Guidelines</b> Additionally, Fannie Mae may from time to time make available Servicing Best Practices Reference Guidelines on <a href="http://www.eFannieMae.com">www.eFannieMae.com</a> for guidance on proven successful collection and foreclosure prevention techniques.</p>
Part VII, Chapter 2, Sections 203 and 204 and Exhibit 2	In these Sections and this Exhibit, Fannie Mae is providing guidance on the timing and types of letters and notices that must be sent to borrowers, such as payment reminders and foreclosure prevention solicitations.
Part VII, Chapter 2, Exhibit 3	This Exhibit provides guidelines concerning the methods servicers must use for contacting the borrower and the timing for using each of those methods. In addition, this Exhibit provides the procedures that must be followed prior to referral to foreclosure or sale of the property.
Part VII, Chapter 2, Section 205 and Exhibit 4	This Section and the Exhibit provide guidance for alerting borrowers of payment changes in an effort to reduce payment shock as a result of ARM resets, modification step interest rate adjustments, balloon payments, buydowns, and escrow changes.
Part VII, Chapter 5	<p>Part VII, Chapter 5, Bankruptcy Proceedings, was revised to remove extraneous legal guidance and to provide policy clarifications and updates related to</p> <ul style="list-style-type: none"> <li>• the documents and information that must be provided to attorneys in connection with bankruptcy referrals and the expected servicer/bankruptcy attorney interactions,</li> <li>• foreclosure prevention alternatives for mortgage loans in bankruptcy cases,</li> <li>• servicers' duties to promptly notify Fannie Mae of borrower attempts to "cramdown" Fannie Mae mortgage loans, and</li> <li>• the removal or reclassification of MBS pool mortgage loans following confirmation of bankruptcy plans involving "cramdown."</li> </ul>

## Using the 2006 Version of the *Servicing Guide* with the Updated *Parts VII and VIII*

For the sections in *Parts VII* and *VIII* that are now effective (effective on or before April 28, 2010), servicers must use the updated *Parts*. For the new or updated policies that are not effective until January 1, 2011, servicers must follow the previous requirements as described in

*Part VII* and *VIII* of the 2006 version of the *Guide* (as amended by announcements) until either the earlier of the date implemented by the servicer or the mandatory effective date. In addition, servicers must continue to follow *Parts I – VI, IX – XII* of the 2006 version of the *Servicing Guide* (as amended by announcements).

When viewing the 2006 version of *Parts VII* and *VIII* in AllRegs<sup>®</sup>, servicers will see a link to the 2010 version of the *Part*.

Note: The Table of Contents for *Parts VII* and *VIII* in the 2006 *Servicing Guide* reflects the 2006 version of those *Parts*. Refer to the new Table of Contents for the new organization of the updated *Parts VII* and *VIII*. In addition, links from the 2006 version to *Parts VII* and *VIII* will take the user to the 2006 version of the *Part*.

## Access Options

Fannie Mae currently offers the 2005 and 2006 versions of its *Servicing Guide*, related announcements and lender letters, and the updated *Parts VII* and *VIII* through a variety of media, including:

- using a free electronic version on the AllRegs Web site through a link from [eFannieMae.com](http://eFannieMae.com);
- a subscription paid directly to AllRegs for an enhanced electronic version with additional features and a higher degree of functionality (than the free version); and
- a subscription to Fannie Mae through [eFannieMae.com](http://eFannieMae.com) for printed copies of the *Servicing Guide* and all servicing-related announcements and lender letters that are distributed through postal mail.

The updated *Parts VII* and *Part VIII* are also available in PDF format on [eFannieMae.com](http://eFannieMae.com).

## Future *Servicing Guide* Updates

Fannie Mae will update other *Parts* of the *Servicing Guide*, and will communicate such updates in future announcements.

## Compliance

As a reminder, servicers are bound by and must comply with the *Servicing Guide*, including any announcements, lender letters, and information posted on eFannieMae.com that is incorporated by reference into the *Servicing Guide*. Servicers are responsible for receiving all updates to Fannie Mae policies and should select and rely on the manner of receiving notice of lender communications that best meets their business needs (e.g., e-mail notices, postings on eFannieMae.com, or AllRegs).

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Servicers that have questions should contact their Servicing Consultant, Portfolio Manager, or the National Servicing Organization's Servicer Support Center at 1-888-FANNIE5 (888-326-6435) unless specifically instructed otherwise within the *Servicing Guide*.

Marianne E. Sullivan  
Senior Vice President  
Single-Family Chief Risk Officer

## Attachment

### Incorporated *Servicing Guide* Announcements

The following announcements have been incorporated into the April 2010 *Servicing Guide Parts VII and VIII*, as applicable. As a reminder, servicers must continue to refer to these announcements as they relate to (or update) other *Parts* of the *Servicing Guide*.

Number	Issue Date	Announcements - Title
06-03	03/22/06	Properties Subject to Resale Restrictions or Located on Land Owned by Community Land Trusts
06-08	07/20/06	Servicer Repayment Plan Incentive Fee
06-18	10/04/06	Conventional Mortgage Modifications
06-24	12/07/06	Process for Foreclosing on Mortgage Loans Reflecting Mortgage Electronic Registration Systems, Inc. as Mortgagee
07-03 (R2)	03/01/07 (Revised 08/17/07)	Introduction of the Fannie Mae Single-Family MBS Master Trust Agreement (Supersedes Announcement 06-27)
07-04	05/18/07	Broad Availability of Expanded Approval <sup>®</sup> ; Financed Single-Premium Mortgage Insurance up to 100% LTV; and Updated Selling and <i>Servicing Guide Sections</i> for Flexible Mortgages, Expanded Approval, and Financed Single-Premium Mortgage Insurance
07-09	07/18/07	Fannie Mae-Retained Bankruptcy Attorneys
07-25	12/21/07	Expansion of Eligibility for Inter Vivos Revocable Trusts; Update to Flood Insurance Coverage Requirements for Mortgages Secured by One-Family to Four-Family Properties; Use of Automated Valuation Models (AVMs) to Support the Cancellation of Mortgage Insurance (MI) Coverage; Update to Policy for Postponed Improvements; Clarification of the Appraisal Requirements for Manually Underwritten Mortgages; and Delinquency Status Reporting for Regular Servicing Option Loans
08-07	03/28/08	Expansion of Forbearance Term
08-12	05/23/08	Note Holder Status for Legal Proceedings Conducted in the Servicer's Name
08-14	06/16/08	Introduction of HomeSaver Advance™
08-19	08/06/08	New Foreclosure and Bankruptcy Attorney Network and Attorneys' Fees and Costs
08-20	08/11/08	Increase in Incentive Fees for Loss Mitigation Alternatives
08-28	10/31/08	Miscellaneous Servicing Changes
08-31	12/08/08	Fannie Mae 2009 Single-Family Master Trust Agreement, the Amended and Restated 2007 Single-Family Master

<b>Number</b>	<b>Issue Date</b>	<b>Announcements - Title</b>
		Trust Agreement, and Certain Servicing Clarifications and Changes, Including Expanded Loss Mitigation Flexibility
08-33	12/12/08	Introduction of the Streamlined Modification Program
09-03	02/24/09	Miscellaneous Servicing Policy Changes
09-05R	03/04/09 (Revised 04/21/09)	Introduction of the Home Affordable Modification Program, HomeSaver Forbearance™, and New Workout Hierarchy
09-22	06/30/09	Miscellaneous Servicing Policy Changes
09-30	10/20/09	Retirement of the HomeSaver Forbearance™ and Conversion to the Payment Reduction Plan™
09-33	11/05/09	New Deed-for-Lease™ Program
09-38	12/24/09	Miscellaneous Servicing Policy Changes
SVC-2010-02	02/01/10	Update to Imminent Default Guidance for Mortgage Loans Evaluated for the Home Affordable Modification Program
SVC-2010-03	02/04/10	Home Affordable Modification Program – Program Update and Resolution of Active Trial Modifications
SVC-2010-04	03/03/10	Reclassified MBS Mortgage Loans
SVC-2010-05	03/30/10	Miscellaneous Servicing Policy Changes