

***Servicing Guide* Announcement SVC-2015-14**

November 25, 2015

***Servicing Guide* Updates**

The *Servicing Guide* has been updated to include the following:

- Updates to the STAR™ Program for 2016
- Updates to the Remittance of Property (Hazard) Insurance Loss Proceeds for Short Sales
- Updates to Pledge of Servicing Rights and Transfers of Interest in Servicing Compensation
- Updates to Publication Placement Costs
- Updates to Hawaii Foreclosure Fees
- Updates to Timeline Requirements for HAMP Expanded “Pay for Performance” Incentive Notices
- Updates to Servicing Requirements for Florida Acquired Properties
- Updates to Early Delinquency Counseling Requirements
- Updates to Reporting Requirements for Bankruptcy Cramdowns
- Removal of the Borrower Notification Sample Letter Exhibit

Each of these updates is described below. The servicer must review each topic in the *Servicing Guide* in its entirety to gain a full understanding of the policy change(s).

Updates to the STAR Program for 2016

Servicing Guide [A1-1-04, Evaluating a Servicer's Performance](#) has been updated to reflect 2016 STAR Program changes as follows:

- removes reference to the bottom 25% as unacceptable performance in relation to the STAR Program, and
- includes subservicers in the STAR Program.

Effective Date

Any servicer selected to participate in the STAR Program will be reviewed using the new STAR Program parameters beginning January 01, 2016.

Updates to the Remittance of Property (Hazard) Insurance Loss Proceeds for Short Sales

To make remittance requirements for all mortgage loan liquidations consistent, the *Servicing Guide* has been updated to reflect that the servicer must remit property (hazard) insurance loss proceeds for short sales at closing via CRS using remittance code 332.

As a result of this change, policies and requirements for remitting property (hazard) insurance loss proceeds in connection with a short sale, Mortgage Release™, or foreclosure sale have been consolidated in *Servicing Guide* B-5-01 from *Servicing Guide* E-4.4-01.

Updated Servicing Guide Topics

- Servicing Guide [B-5-01, Insured Loss Events](#)
- Servicing Guide [E-4.4-01, Continuing or Canceling Property \(Hazard\) Insurance Coverage](#)

Effective Date

The servicer must implement this policy change immediately.

Updates to Pledge of Servicing Rights and Transfers of Interest in Servicing Compensation

Fannie Mae is updating policies and requirements regarding transfers of servicing income and pledge of servicing rights as follows:

- The seller/servicer is permitted to pledge a transfer of interest in their servicing income as long as the seller/servicer obtains Fannie Mae's prior written consent at least 30 days prior to the proposed effective date of the transaction.
- Fannie Mae will permit the seller/servicer to enter into a pledge of servicing or a transfer of interest in servicing income provided that the purpose for the transaction is a purpose permitted by Fannie Mae. Fannie Mae has further clarified these permitted purposes.
- Documents required for allowable transactions have been updated to include the Purchase and Sale, Security or Financing Agreement, and the Subordination of Interest Agreement.
- Key terms of the Acknowledgment Agreement have been removed from the *Servicing Guide* with regard to obligations of the seller/servicer and the secured creditor to indemnify Fannie Mae. However, these indemnification provisions have not been removed from the Acknowledgment Agreement.
- Clarify that the Acknowledgment Agreement or Subordination of Interest Agreement may limit the seller/servicer's right to amend particular terms of the underlying transaction documentation without Fannie Mae's prior consent.

Updated Servicing Guide Topics

- Servicing Guide [A2-7-02, Pledge of Servicing Rights and Transfer of Interest in Servicing Income](#)
- Servicing Guide [F-4-03, List of Contacts](#)

Effective Date

The servicer is encouraged to implement these policy changes immediately; but must implement the changes by January 1, 2016.

Updates to Publication Placements Costs

The *Servicing Guide* has been updated to reflect that Fannie Mae will reimburse the servicer an allowable cost for foreclosure sale publication placement services in Alaska, Arizona, California, Nevada, Oregon, and Washington.

Updated Servicing Guide Topics

- Servicing Guide [E-5-07, Other Reimbursable Expenses](#)

- *Servicing Guide* [F-1-06, Expense Reimbursement](#)

Effective Date

This policy change is effective for foreclosure referrals sent on or after December 1, 2015 in the aforementioned states.

Updates to Hawaii Foreclosure Fees

The [Allowable Foreclosure Attorney Fees Exhibit](#) has been updated to reflect a change to the maximum allowable foreclosure fee for Fannie Mae mortgage loans secured by properties located in Hawaii.

Effective Date

This policy change is effective for all matters referred to counsel for initiation of foreclosure proceedings on or after June 1, 2012 by the present or prior servicer, provided the matter is still active as of November 25, 2015. For purposes of this Announcement, the term “active” is defined as a foreclosure matter that has not yet gone to foreclosure sale or has not been concluded by some other event, such as a Mortgage Release, short sale, mortgage loan modification, payoff, or reinstatement.

Updates to Timeline Requirements for HAMP Expanded “Pay for Performance” Incentive Notices

To offer additional flexibilities in how the servicer complies with the HAMP expanded borrower “pay for performance” incentive notice requirements, the *Servicing Guide* has been updated to

- authorize the servicer to
 - send notification of the potential for receipt of the Fannie Mae HAMP expanded borrower “pay for performance” incentive to a borrower in good standing at any time leading up to the 150th day before the fifth anniversary of the HAMP modification effective date; and
 - send no additional notices if the borrower returns an executed Real Estate Fraud Certification ([Form 720](#)) or U.S. Treasury Department’s “Dodd Frank Certification” after a prior notification;
- require a follow up communication to an initial written notice of an option to re-amortize a Fannie Mae HAMP modification only if the borrower has not responded to the initial written notice; and
- remove reference to certain dates no longer applicable with regards to the Fannie Mae HAMP expanded borrower “pay for performance” incentive notification and payment.

Updated Servicing Guide Topics

- *Servicing Guide* [D2-3.2-07, Fannie Mae HAMP Modification](#)
- *Servicing Guide* [F-1-29, Processing a Workout Incentive Fee](#)

Effective Date

The servicer is authorized to implement these policy changes immediately.

Updates to Servicing Requirements for Florida Acquired Properties

Servicing Guide [E-4.3-01, Managing the Property Post-Foreclosure Sale](#) has been updated to remove the requirement that the servicer pay all future bills for HOA or co-op corporation assessments or fees

for acquired properties located in the State of Florida with a foreclosure sale date on or after January 1, 2016 unless otherwise notified by Fannie Mae.

Reverse mortgage loans are not included in this change.

Effective Date

The servicer must implement this policy change for a property securing a mortgage loan liquidated through foreclosure in the State of Florida on or after January 1, 2016.

Updates to Early Delinquency Counseling Requirements

To simplify delinquent loan servicing for community lending mortgage loans, including Fannie Mae's new HomeReady™ mortgage loan, the *Servicing Guide* has been updated to eliminate several unique requirements related to servicing such mortgage loans to include:

- sending a specific welcome letter and Borrower Authorization Counseling form;
- providing a payment reminder notification and a Borrower Solicitation Package at earlier dates than that required for other Fannie Mae mortgage loans; and
- preparing a monthly status report of actions taken by third-party counselors.

The servicer must ensure appropriate authorizations are executed as required by applicable law and remain fully aware of and document the status or outcome of all counseling efforts a third-party agency takes for a specific case.

Updated Servicing Guide Topics

- *Servicing Guide* [D2-2-03, Sending a Payment Reminder Notice](#)
- *Servicing Guide* [D2-2-09, Collection Requirements for a Borrower Who Has a Community Lending Mortgage Loan](#)
- *Servicing Guide* [F-1-05, Examples of Documentation Required in the Mortgage Loan Servicing File](#)

Effective Date

The servicer is encouraged to implement these policy changes immediately; but must implement them by April 1, 2016.

Changes to Reporting Requirements for Bankruptcy Cramdowns

Servicing Guide [E-2.3-03, Handling Cramdowns of the Mortgage Debt](#) has been updated to remove the requirement that the servicer contact Fannie Mae upon the completion of incremental milestones related to a cramdown within the servicer's or law firm's delegated authority. With this change, the servicer must only send the Bankruptcy Cramdown Template to etm_delmods@fanniemae.com once the cramdown has been confirmed.

If neither the servicer nor the law firm has been granted delegated authority to address a borrower's request for a cramdown, the servicer must immediately report this as non-routine litigation to Fannie Mae's Legal department by submitting a *Non-Routine Litigation Form* ([Form 20](#)).

Servicing Guide [F-4-03, List of Contacts](#) has been updated with the new email address for submitting the Bankruptcy Cramdown Template.



Effective Date

The servicer must implement this policy change by December 1, 2015.

Removal of the Borrower Notification Sample Letter Exhibit

The *Borrower Notification Sample Letter* is a letter sent by Fannie Mae and does not require any action by the servicer. Therefore, it has been retired as a *Servicing Guide* Exhibit from Fannie Mae's website.

The servicer should contact its Servicing Consultant, Portfolio Manager, or Fannie Mae's Credit Portfolio Management's Servicer Support Center at 1-888-FANNIE5 (1-888-326-6435) with any questions regarding this Announcement.

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