

***Servicing Guide* Announcement SVC-2016-05**

June 8, 2016

***Servicing Guide* Updates**

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

- Retirement of Delinquency Counseling Requirements for Community Lending Mortgage Loans
- Fannie Mae HAMP Modification Termination
- Foreclosure Title Costs
- Further Reduction of Servicing Requirements for Florida Acquired Properties
- Property Insurance Reimbursement Limits
- Mortgage Release Policies and Procedures
- Miscellaneous Revision

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).

Retirement of Delinquency Counseling Requirements for Community Lending Mortgage Loans

In conjunction with Fannie Mae's HomeReady® mortgage and in order to align policy for all Fannie Mae conventional mortgage loans, the *Servicing Guide* has been updated to eliminate servicing policies unique to community lending mortgage loans, including the following requirements to:

- offer early delinquency counseling during the seven years following the date the mortgage loan was originated,
- schedule a counseling session and track the status and outcome of counseling agency efforts,
- use a specific authorization form, and
- document related information in the mortgage loan servicing file.

Furthermore, with a focus on supporting sustainable homeownership, Fannie Mae has evaluated requirements for housing counseling on all types of mortgage loans. Updates made to the *Servicing Guide* include:

- the addition of a definition for the term "housing counseling," which is based on the definition developed by HUD and previously incorporated into Fannie Mae's *Selling Guide*; and
- requirements for the servicer to instruct the borrower on how to obtain information on housing counseling and refer the borrower to housing counseling.

Although the servicer must continue to advise the borrower on how to avoid or cure a delinquency, housing counseling, when appropriate, must be provided by a HUD-approved counseling agency.

In addition, in order to increase the visibility of available resources to the borrower, the *Servicing Guide* has been updated to require the following information in a payment reminder notice:

- an explanation that the borrower can seek assistance with household budgeting at no charge from HUD-approved housing counseling agencies along with a link to HUD.gov, and

- information regarding resources on Fannie Mae's Know Your Options™ website.

Updated Servicing Guide Topics

- *Servicing Guide* [A4-2.1-01, Preventing Defaults and Managing Delinquencies](#)
- *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](#)
- *Servicing Guide* F-2-01, Borrower's Authorization for Counseling
- *Servicing Guide* [F-3-03, Glossary of Fannie Mae Terms: C](#)
- *Servicing Guide* [F-3-05, Glossary of Fannie Mae Terms: E](#)
- *Servicing Guide* [F-3-08, Glossary of Fannie Mae Terms: H](#)

Effective Date

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

Fannie Mae HAMP Modification Termination

In connection with the termination of the Making Home Affordable Program and related policy changes issued by Treasury, Fannie Mae has updated the *Servicing Guide* as follows:

- The borrower must submit a complete BRP on or before December 30, 2016 in order to be evaluated for a Fannie Mae HAMP. This also amends guidance by requiring that the complete BRP must be submitted by the borrower (rather than received by the servicer).
- All Fannie Mae HAMP and Fannie Mae 2MP modifications must have a modification effective date on or before December 1, 2017.
- The servicer must receive notification of a match to a corresponding first lien permanent modification in the Black Knight Financial Services match file on or before March 31, 2017, in order to offer a Fannie Mae 2MP modification.
- The servicer is authorized to exclude references to HAMP or HAMP-related programs from certain borrower communications beginning September 1, 2016, but must exclude such references on or after November 1, 2016.
- The servicer must evaluate the borrower for a new Fannie Mae HAMP Trial Period Plan after an Unemployment Forbearance plan or Hardest Hit Fund unemployment assistance only if a complete BRP was submitted on or before December 30, 2016.
- On or after December 31, 2016, the servicer is authorized, but not required, to evaluate a borrower for Fannie Mae HAMP who submits a complete BRP on or before December 30, 2016, and who has accepted, or whose response time has not yet expired, for an offer for a Fannie Mae Streamlined Modification or Fannie Mae Streamlined Modification Post Disaster Forbearance.

This policy change also specifies that the executed [Form 720](#) or Treasury's "Dodd Frank Certification" must be submitted by the borrower (rather than received by the servicer) on or before the sixth anniversary of the Fannie Mae HAMP Trial Period Plan in order to be eligible for the expanded borrower "pay for performance" incentive.

Updated Servicing Guide Topics

- Servicing Guide [D2-2-04, Sending a Borrower Solicitation Package for a Workout Option](#)
- Servicing Guide [D2-2-05, Receiving a Borrower Response Package](#)
- Servicing Guide [D2-3.1-05, Interacting with Housing Finance Agencies and Hardest Hit Fund Programs](#)
- Servicing Guide [D2-3.2-07, Fannie Mae HAMP Modification](#)
- Servicing Guide [D2-3.2-08, Fannie Mae Streamlined Modification](#)
- Servicing Guide [D2-3.2-09, Fannie Mae Streamlined Modification Post Disaster Forbearance](#)
- Servicing Guide [D2-3.2-12, Fannie Mae 2MP Modification](#)
- Servicing Guide [F-1-16, Processing a Fannie Mae 2MP Modification](#)
- Servicing Guide [F-1-18, Processing a Fannie Mae HAMP Modification](#)
- Servicing Guide [F-2-03, Incentive Fees for Workout Options](#)
- Servicing Guide [F-4-02, Acronyms and Abbreviations](#)

Effective Date

The servicer is encouraged to implement these policy changes by September 1, 2016; but must implement these changes by November 1, 2016.

Foreclosure Title Costs

The *Servicing Guide* has been updated to clarify Fannie Mae's policy and requirements around foreclosure related title costs.

Effective September 1, 2016, Fannie Mae will not reimburse the servicer for title costs that exceed the maximum title allowable cost, for the life of default, unless the law firm retained by the servicer obtains the appropriate excess title cost approval from Fannie Mae. Fannie Mae now has a process in place for law firms retained by the servicer to request approval for excess title costs.

Updated Servicing Guide Topics

- Servicing Guide [E-5-04, Allowable Foreclosure Fees](#)
- Servicing Guide [E-5-07, Other Reimbursable Default-Related Legal Expenses](#)
- Servicing Guide [F-1-06, Expense Reimbursement](#)
- Servicing Guide [F-4-03, List of Contacts](#)

Effective Date

This policy is effective for all title costs incurred on or after September 1, 2016. The servicer will be required to provide the date the title cost was incurred when submitting claims for reimbursement.

Further Reduction of Servicing Requirements for Florida Acquired Properties

Fannie Mae continues to review its policies to eliminate servicer post-foreclosure sale responsibilities, when appropriate. *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 real estate property taxes for acquired properties located in the State of Florida with a foreclosure sale date where Fannie Mae acquires the property on or after August 1, 2016 unless otherwise notified by Fannie Mae.

These updates are not applicable to reverse mortgage loans.

Servicing Guide [F-4-03, List of Contacts](#) is also being updated with the following email addresses for questions regarding the payment of property taxes or HOA or co-op corporation assessments or fees for acquired properties:

- Tax_Correspondence@fanniemae.com
- HOA_Correspondence@fanniemae.com

Effective Date

The servicer must implement this policy change for a property secured by a mortgage loan that was liquidated through foreclosure sale in the State of Florida where Fannie Mae acquires the property on or after August 1, 2016.

Property Insurance Reimbursement Limits

Servicing Guide [E-3.5-02, Handling Third Party Sales](#) and *Servicing Guide* [F-1-06, Expense Reimbursement](#) have been updated to define the reimbursement limits for property insurance for third-party and short sales. Fannie Mae will reimburse for its share of property insurance premiums for up to 14 days after:

- the closing date for a short sale, or
- Fannie Mae's insurable interest has passed to the purchaser for a third-party foreclosure sale.

This policy defines a reimbursement limit that aligns with that of acquired properties, which is 14 days after a property appears on the Vacancy Report in HomeTracker.

Effective Date

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

Mortgage Release Policies and Procedures

Servicing Guide [D2-3.3-02, Fannie Mae Mortgage Release \(Deed-in-Lieu of Foreclosure\)](#) has been updated to clarify if the borrower is participating in either a 3- or 12-month Mortgage Release transition option, then it is Fannie Mae's property management company who will distribute the incentive payment to the borrower and not the servicer.

Servicing Guide [F-1-19, Processing a Fannie Mae Mortgage Release \(Deed-in-Lieu of Foreclosure\)](#) has been updated to:

- remove the requirement that a property valuation for a Mortgage Release transition option include an estimate of market rent, and
- specify 324 as the special remittance code to use when the servicer remits any borrower cash and/or promissory note contribution associated with the Mortgage Release.

In addition, the following two forms have been updated from PDF to Excel format:

- *Mortgage Release Program Lease Option Referral Form* ([Form 187](#))
- *Mortgage Release Program Transition Option Referral Form* ([Form 193](#))

These updates are not applicable to reverse mortgage loans.

Effective Date

Updated [Form 187](#) and [Form 193](#) are available immediately; servicers, however, must implement the Excel format no later than September 1, 2016.

The servicer is encouraged to immediately begin using special remittance code 324 for Mortgage Release borrower contribution remittances, but must do so no later than September 1, 2016. Other policy changes are effective immediately.

Miscellaneous Revision

Fannie Mae introduced a new Single Family Master Trust Agreement for all MBS pool issuances on or after June 1, 2016. Policies and requirements in the *Servicing Guide* for mortgage loans in issuances on or after June 1, 2016 remain the same as for mortgage loans pooled under the 2009 Single Family Master Trust Agreement unless and until otherwise communicated through a future Announcement. *Servicing Guide* [A2-1-02. Servicer's Duties and Responsibilities Related to MBS Mortgage Loans](#) and *Servicing Guide* [D2-3.1-02. Working with an MBS Mortgage Loan for Certain Workout Options](#) have been updated only to include references to the 2016 Single Family Master Trust Agreement.

The servicer should contact its Servicing Consultant, Portfolio Manager, or Fannie Mae's Single-Family Servicing Servicer Support Center at 1-800-2FANNIE (1-800-232-6643) with any questions regarding this Announcement.

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