



## Servicing Guide Announcement SVC-2018-01

February 14, 2018

### Servicing Guide Updates

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

- First Lien Mortgage Loan Charge-Offs
- REOgram and Non-delegated Workout Submission Changes\*
- Consolidation of Compliance with Laws and Responsible Lending
- Miscellaneous Revisions\*

\*Policy change not applicable to reverse mortgage loans.

#### First Lien Mortgage Loan Charge-Offs

To help minimize neighborhood blight for vacant and abandoned properties, at the direction of FHFA, Fannie Mae and Freddie Mac have generally aligned their policies to describe the limited circumstances under which a first lien charge-off will be approved. With this *Guide* update, a servicer is authorized to submit a request to cease collection efforts on a delinquent mortgage loan when either 1) all appropriate measures to collect have been exhausted and the servicer has deemed the debt to be uncollectible, or 2) a foreclosure sale should not be completed for a first lien conventional mortgage loan that Fannie Mae owns or securitizes, and – in either instance - at least one of the situations outlined in new topic [D1-1-02, Evaluating a First Lien Mortgage Loan for Charge-Off and Release of Lien](#), apply.

#### Updated Servicing Guide Topics

- [D1-1-02, Evaluating a First Lien Mortgage Loan for Charge-Off and Release of Lien](#)
- [F-1-27, Requesting Fannie Mae's Approval via Fannie Mae's Servicing Solutions System](#)
- 2-04, Reporting Specific Payment Transactions to Fannie Mae in Fannie Mae's [Investor Reporting Manual](#)

Also, former topic [D2-3.4-02, Charging Off a Second Lien Mortgage Loan](#), has been relocated to Chapter D1-1, Requests for the Release of Property Securing and/or Charge-Off of a Mortgage Loan.

For reverse mortgage loans, contact your servicing representative.

#### Effective Date

Servicers are encouraged to implement these policy changes immediately but must implement them by August 1, 2018.

#### REOgram and Non-delegated Workout Submission Changes

In an effort to eliminate the risks associated with the transmission of non-public information, we are eliminating requirements to submit the borrower or co-borrower's Social Security number for REOgram notifications and non-delegated workout case submissions. [E-4.1-01, Notifying Fannie Mae of an Acquired Property](#), has been updated to remove the requirement to include the borrower or co-borrower's Social Security number as a required element of an REOgram notification to Fannie Mae. The data field is being converted to an unnamed field, with no changes to the file layout for bulk upload submissions of REOgram files. However, Social Security number fields will be removed from the



user interface for manual submission via the Asset Management Network (AMN). Servicers may confirm that submitted files have been processed by viewing submitted data (via AMN Reporting), but will no longer be able to retrieve/view any Social Security number data submitted via bulk upload or manual submission.

### Effective Date

Servicers must implement these policy changes by March 24, 2018.

## Consolidation of Compliance with Laws and Responsible Lending

We are continuing our efforts to consolidate shared policies from Part A of the *Selling* and *Servicing Guides*. In this update we have simplified requirements related to compliance with laws and responsible lending practices.

In the *Selling Guide* update to be published on February 27, 2018, we are

- eliminating the exhaustive lists of applicable laws and instead referring to more general categories, and
- streamlining and simplifying language regarding responsible lending and prohibited refinance practices.

The following table provides additional details on the placement of content from the impacted *Servicing Guide* topics to the consolidated content in the *Selling Guide*.

Impacted <i>Servicing Guide</i> Topic	New <i>Selling Guide</i> Content Location
<a href="#">A2-1-08, Compliance with Laws</a>	A3-2-01, Compliance with Laws
<a href="#">A2-2-01, Refinance and Lending Practices</a>	A3-2-02, Responsible Lending Practices
A2-2-02, DELETED TOPIC: Responsible Lending Practices	
A2-2-03, DELETED TOPIC: Prohibited Refinance Practices	B2-1.2-04, Prohibited Refinancing Practices

### Effective Date

There are no policy changes associated with this consolidation of content. Servicers must refer to the *Selling Guide* for this policy beginning February 27, 2018.

## Miscellaneous Revisions

**Fannie Mae Cap and Extend Modification Update\***. We are including the following miscellaneous revisions previously communicated in [Lender Letter LL-2017-09](#) into the *Guide*:

- incorporating changes related to the new eligibility criteria for the Fannie Mae Cap and Extend Modification for Disaster Relief, and
- replacing the Streamlined Modification Post Disaster Forbearance Solicitation Letter with the Flex Modification Post Disaster Forbearance Solicitation Letter.

### Updated *Servicing Guide* Topics

- [D2-3.2-07, Fannie Mae Cap and Extend Modification for Disaster Relief](#)
- [D2-3.2-09, Fannie Mae Flex Modification](#)
- [F-4-01, References to Fannie Mae's Website](#)



**Property Inspection Clarification.** In response to inquiries, we have revised the language in [D2-2-10, Requirements for Performing Property Inspections](#), to clarify that servicers do not need to initiate or continue a property inspection when a borrower is performing on a Trial Period Plan.

**Updates to Seller/Servicer Internal Audit and Management Controls.** The *Selling Guide* was updated with [Announcement SEL-2017-10](#) on December 19, 2017, to include additional details about our requirements for sellers/servicers' internal audit and management controls to evaluate and monitor the overall quality of its loan production and servicing. As part of our efforts to not duplicate content in both *Guides*, *Servicing Guide* [A1-1-01, Application and Approval of Seller/Servicer](#) has been updated to provide a reference to the applicable content in the *Selling Guide*.

### **Effective Date**

Servicers must implement this policy change by July 1, 2018.

**Insured Loss Proceeds Disbursement Clarification.** The servicer or the insurance company may not know that a supplemental claim will be filed for additional damages at the time that initial hazard loss proceeds are paid. As a result, we have clarified, [B-5-01, Insured Loss Events](#), to indicate that servicers must disburse the initial and any subsequent insurance loss proceeds checks based on the requirements in the *Guide*.

**Establishing Escrow Account with Loan Modification.** [B-1-01, Administering an Escrow Account and Paying Expenses](#), has been revised to clarify that when a servicer enters a mortgage loan modification and must establish an escrow deposit account, they must do so prior to the beginning of the Trial Period Plan.

### **Effective Dates**

Unless specified above, the policy clarifications and updates are effective immediately.

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Contact your Customer Delivery Team, Portfolio Manager, or 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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