
Effective: October 12, 2011

This document clarifies the updated *Property Maintenance and Management: Property Preservation Matrix and Reference Guide*. Servicers remain responsible for following the Fannie Mae Single-Family Selling and Servicing Guides, Announcements, and Delegations of Authority (collectively, the “Guides”), and in the event of a conflict between the information in these FAQs and the Guides, the terms of the Guides shall govern.

A. General

Q1000. When must the servicer begin claiming reimbursement of expenses as set forth in the *Property Preservation Matrix and Reference Guide* (the Matrix)?

The allowable cost limits set forth in the Matrix are applicable to work completed on or after 10/12/2011.

B. Matrix

Q1100. What are the requirements for photos and why are they required?

Photos are supporting information that will assist Fannie Mae make a sound and complete property preservation decision to the servicers request for approval of repair work. Servicers must submit color photos as attachments to each applicable line item as follows:

- Submitted photos must pertain to the applicable bid line item.
- A maximum of five attachments per line item is allowed. (Multiple photos are allowed per attachment.)
- Photo dimensions must be a minimum of 1051 × 1500 dpi. (3 ½” x 5”)
- Date and time stamp are required on each photo.
- Before and after photos should be available upon request.
- In cases where damages are found, interior and exterior photos detailing property conditions are required.

Q1101. When submitting bids for initial grass cuts/re-cuts and pool cleaning/draining/securing, will one attachment with multiple photos be sufficient?

No, when the same photo can justify multiple line item requests, each line item must have supporting photo documentation.
Q1102. The updated Matrix indicates that an industry standard based cost estimator tool is useful to facilitate the review of bids. Is there a specific cost estimation tool which Fannie Mae requires?

No, Fannie Mae does not require a specific cost estimation tool. (Page 1)

Q1103. When second bids are required (for example: roof replacements, condo locks, and demolition or anytime requested by Fannie Mae), will an industry standard based cost estimator be acceptable in lieu of second bids?

Yes, cost estimators are acceptable in lieu of second bids. (Page 1)

Q1104. Many of the allowable costs in the Matrix indicate a maximum amount per calendar year. What is considered a calendar year?

A calendar year is January 1st through December 31st.

Q1105. Are all items in the Matrix per calendar year?

No, not all allowable costs in the Matrix are per calendar year. Each item is different and may be specified by either calendar year, maximum number of times, or maximum amounts on the Matrix. (Page 2)

Q1106. Will Fannie Mae approve bids after work is completed?

No, bids must be submitted for prior approval per the Matrix. (Page 1) If a servicer does not receive approval before the work is completed, the expense will be denied for reimbursement.

C. Securing

Q1200. What do I do if I have a condo and the lock cannot be changed within the allowable?

If the lock on a condo cannot be changed within the allowable cost limit, the servicer must contact the condo association to obtain a key and use the allowable cost limit. If the condo association will not provide a key, the servicer must submit two bids simultaneously for the lock to be changed. (Page 3)

Q1201. What documentation is necessary to provide if it is more cost effective to repair a garage door than it is to board it?

The servicer must submit one bid to repair and one bid to board when repairing a garage door exceeds the allowable cost limit but is less than boarding. Example: It costs $270 to board a garage door that is 7’ x 18’ ($0.90/ square in) and it costs $150 to repair it. (Page 4)

Q1202. Will Fannie Mae reimburse if the servicer follows local code when securing pools?

The servicer must secure pools per Fannie Mae guidelines (Page 4). If a violation should occur, submit a copy of the violation and bids to correct the violation. See Code Violation section (page 12) for required information.
Q1203. In certain circumstances, there may not be a deck or material to anchor a pool cover, anchoring a pool cover would cause damage, or there may not even be a lip to help secure a pool cover. In that case, how does Fannie Mae want the pool secured?

In the event that the servicer cannot comply with Fannie Mae guidelines to secure a pool, the servicer must submit a recommendation and all supporting information and documentation for Fannie Mae’s consideration. Fannie Mae will make the property preservation decision on a case-by-case basis.

D. Lawn Maintenance

Q1300. Would Fannie Mae consider extending the grass cut requirement to 15 business days to mirror FHA requirements and allow time for notices sent to the borrower prior to securing?

Servicers must comply with the requirements set forth in the updated Matrix for all properties owned by Fannie Mae.

Q1301. Will Fannie Mae consider allowing servicers to perform additional re-cuts for desert landscaping, if needed?

Yes, Fannie Mae will consider allowing the servicer to perform additional re-cuts. Prior approval is required for any cuts outside of the grass schedule.

Q1302. If a property’s lot size falls within the square footage of the Matrix, the grass is taller than 12” and the bid is over the allowable, should a bid be submitted?

Yes, Fannie Mae will review bids for grass cuts that are within the lot sizes, the grass is over 12” in height on more than 51% of the lot, and the bid is over the allowable. Should grass height be more than 12” on less than or equal to 50% of the lot, the grass should be cut within the allowable. (Page 4)

Q1303. How does Fannie Mae determine whether to cut the perimeter or the entire lot?

The determination of whether to cut the perimeter or the entire lot is determined by the servicer. If the servicer chooses to maintain only the perimeter and receives a code violation, the servicer will be held accountable per the Servicing Guide. (Page 4)

Q1304. Does trimming the trees/shrubs/vines follow the same requirements for winterization in that it would need to be addressed within 30 days of vacancy or the beginning of grass cut season, whichever comes later?

Trees/shrubs/vines should be addressed within 30 days of first time vacancy report or within the first 30 days of grass cut season, whichever comes later, but can be used anytime per requirements set forth in the Matrix. If the allowable cost limit is not used within 30 days of the first time vacancy report or the first 30 days of grass cut season, subsequent over-allowable requests will not be approved.

Q1305. Does Fannie Mae want to review bids to trim trees/shrubs/vines in the back and side yards?

Servicers are permitted to trim trees/shrubs/vines when the overgrowth affects the condition or access to the property from the street view. (Page 5)
E. Winterization

Q1400. How does Fannie Mae define additional unit for winterization purposes?

An additional unit is when the property has multiple designations in the address. *Example:* A 4-plex would have units A, B, C and D; therefore the specific winterization allowable would be applied for the first unit, and the 3 additional units at $50 each.

Q1401. Does a bid to refresh the winterization need to be submitted to Fannie Mae for prior approval?

If the initial winterization is deemed to be no longer effective and the property needs to be re-winterized, the servicer must submit the bid to Fannie Mae for prior approval. (Page 7)

Q1402. When will the servicer be held accountable for freeze damage?

Servicers will be held accountable for freeze damage when:

- The winterization timeframe is not met and freeze damages occur.
- The servicer chooses not to winterize and freeze damages occur.
- Or on a case-by-case basis at Fannie Mae’s sole discretion.

F. Health and Safety

Q1500. Does the toilet cleaning allowable cost limit include the winterization of a toilet?

Toilet cleaning includes cleaning with a toilet brush, wiping down the exterior and winterizing when in season. It should only be used when both waste is present and property requires winterization.

Q1501. When do the electrical wires need to be capped?

Only bare electrical wires need to be capped when the electric meter is present, regardless of the utility status. (Page 9)

Q1502. Is the change to the wire cap allowable cost limit correct?

Yes, the wire cap allowable is $1 each. (Page 2)

Q1503. Extermination of fleas is only to be completed when infestation prohibits access to the property. This is subjective. Is there further clarification that can be provided?

No, the decision to exterminate fleas is fact specific to each individual property. Servicers should use their discretion to monitor and validate usage of this allowable and make documentation used to make the decision to exterminate available to Fannie Mae upon request.

Q1504. Are bids required to exterminate roaches in single family buildings, where necessary?

No, servicers are not permitted to exterminate roaches in a single family building. Guidelines specify extermination of roaches is allowed in multi-unit buildings only.
G. Debris

Q1600. Does Fannie Mae have a cap for the debris allowable?
Yes, Fannie Mae does have a cap for debris:

- Maximum of $400 to remove, for the life of the loan
- Maximum of $200 to move, for the life of the loan

If the debris cannot be removed / moved within the allowable, stop work and bid all debris while acknowledging the servicer’s legal department’s approval. **Example:** If a property has 15 cubic yards of debris, the servicer must stop work and submit a bid to remove all 15 cubic yards of debris.

Q1601. Can the allowable for moving exterior debris be used to stack items that are scattered, for example: bricks, firewood or building material?
Should a servicer’s legal department determine that the debris is personal property and the personal property cannot be removed from the property then the moving allowable can be used to stack the items that are in the way of the grass cut. (Page 9)

Q1602. Does the interior debris allowable include discolored debris and wet carpet?
The Fannie Mae allowable for interior debris removal is restricted to raw garbage and perishable items. If there is discolored debris or wet carpet, servicers should provide acknowledgement in the comment section of the P&P request from their legal department to remove such items. (Page 9)

Q1603. Is there an additional allowable for debris due to disposal ordinances, more labor intensive or heavier items?
No, debris allowable is measured by volume not weight or content. (Page 9)

Q1604. Will Fannie Mae approve a request to remove store bought trash receptacles with debris inside them?
Should a servicer’s legal department determine that items inside the trash receptacle and the store bought trash receptacle is debris and is in the way of the grass cut then the debris removal allowable may be used.

Q1605. How should it be handled when there are trash receptacles present that belong to the city with debris inside?
Should a servicer’s legal department determine that the items inside the city trash receptacle are debris the debris should be removed within the allowable and the receptacle should be relocated out of street view.

Q1606. If there is debris in the driveway and it is visible from the street but not in the way of the grass cut, is a bid required to remove the debris?
Yes, the servicer should submit bids that are for debris that is visible from the street but is not in the way of the grass cut, along with servicer’s legal department approval.
H. Roof Issues

Q1700. Can the roof patching and repair allowable be used to tarp?
No, the allowable cannot be used to tarp. For Roof Patch/Repair (active leak only), Fannie Mae requires that when roof patch/repair exceeds the allowable, a bid to tarp and a bid to patch must be submitted simultaneously, unless it is a flat roof which requires only a bid to patch. Bid for patch/repair can include the seal/coat and repair of chimneys. (Page 10 – 11)

Q1701. Can the roof patching and repair allowable be used to repair an active leak in a skylight?
Yes, the roof patching and repair allowable can be used to repair an active leak in a skylight.

Q1702. If a roof leak was previously reported as inactive and later it becomes active, will this pose servicing error?
Fannie Mae only wants bids submitted on active leaks. If there is an inactive leak, servicers may notate Fannie Mae’s system of record by placing case notes in HomeTracker® at their discretion. DO NOT send tasks in HomeTracker for inactive leaks.

I. Additional Service Items

Q1800. If the curbside shut off valve requires extensive labor to access, should a bid be submitted?
Water is required to be shut off curbside, regardless of winterization. If it is not possible to shut off at the curb due to damages or in the rare instance extensive labor is needed, then shut off the water at the main interior water supply and provide bids to repair or shut off curbside.

Q1801. Can the emergency allowable be used if it is needed to prevent a code violation from being issued?
No, the emergency allowable should not be used for curing or preventing code violations. Bids to prevent and cure violations should be submitted for prior approval.

Q1802. Should the servicer notify Fannie Mae if the emergency allowable is used?
Yes, all allowable expenses should be entered manually into the Incurred Cost area of HomeTracker. Emergency Allowable should be noted as Service: Other, Comments: Emergency Allowable Used for (describe what you used it for and why). Fannie Mae reserves the right to advise that the emergency allowable is not reimbursable if requirements are not met for usage of this allowable.

J. Additional Information

Q1900. Will the servicer be required to produce the local ordinance with over allowable requests or just keep them on record for audits?
The servicer must acquire and retain documentation to support property preservation requests for repairs. Copies of local ordinances are required with bid submissions for securing (page 3) and oversized lots requiring full lot cuts (Page 4).
Q1901. If a legible copy of the violation is not available, will a note or photo submitted along with the bid/line item explaining the violation be sufficient?

No, an actual copy of the violation is required when submitting a code violation line item. (Page 12)

Q1902. For properties in bankruptcy, what documentation is acceptable to provide proof the debtor’s attorney was contacted?

Upon Fannie Mae’s request, the servicer may be asked to provide the following:
- Written communication to / from debtor’s attorney
- Timeline of correspondence
- Any other documentation supporting communication with the debtor’s attorney

Q1903. In the instance where discoloration is excessive and a bid to treat cannot be provided within the 10 days of discovery, how should the servicer notify Fannie Mae of these extenuating cases?

Fannie Mae will handle these on a case-by-case basis. Servicers must contact Property Cost Management for direction.

Q1904. Is there any scenario when discoloration does not have to be reported to Fannie Mae?

No, any discoloration identified at the property must be submitted to Fannie Mae within 10 days of discovery. Do not submit bids to test discoloration, remediate or install dehumidifiers. Only submit bids to treat discoloration. Bids must include the following:
- Source or cause of the discoloration (moisture is not a valid cause or source)
- Area affected in square feet
- Exact method of treatment to be used
- Specific location of the discoloration (if in garage/shed note if it is attached to the main dwelling)

Servicers will be held accountable if required timeframe is not met. (Page 12)

Q1905. What is the anticipated turn-around time for responses from the Portfolio Managers regarding demolitions, condemnations, or violations on current and/or occupied properties?

Servicers will need to contact their National Servicing Organization Portfolio Manager or Servicing Specialist for clarification. If you are unsure who your Portfolio Manager is, contact servicing_solutions@fanniemae.com.