



From the Desk of Carlos Perez
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Executive Overview of *Servicing Guide* Updates

Our December *Servicing Guide* announcement provides updates that brings more flexibility, clarity, and simplicity to servicers. These changes:

- **Incorporate new borrower-initiated mortgage insurance (MI) requirements.** In July, we previewed a simplified process for evaluating borrower-initiated requests to terminate conventional MI insurance in [Lender Letter LL-2018-03](#). These new requirements, which are designed to save servicers time and cost without adding risk, have been incorporated into the *Servicing Guide*. Servicers are encouraged to implement the MI termination policy based on original value as early as Jan. 1, 2019, and MI termination policy based on current value as early as Mar. 1, 2019; and implementation is *required* by Sept. 1, 2019.
- **Provide more flexibility for managing insurance loss proceeds.** In response to servicer feedback, we are clarifying guidelines for managing insurance loss proceeds held in taxes and insurance (T&I) custodial accounts. Servicers are now required to have written policies and procedures to identify and monitor unapplied funds held in T&I custodial accounts until a resolution is reached with the borrower. This change provides more consistent guidelines and will help servicers manage resources.
- **Update insurer rating requirements.** With this update, we're bringing servicers more flexibility for property insurance carrier ratings requirements. Now, Kroll Bond Rating Agency is considered an acceptable ratings agency for property insurance carriers. We've also removed some of our more restrictive rating requirements for co-op projects.
- **Simplify flood insurance requirements.** We've added two new provisions that will make it easier to maintain a flood insurance policy. First, homeowners' associations no longer need to have a master flood insurance policy for condo units originated under DU Refi Plus™, Refi Plus™, or high-LTV refinance transactions, or for detached condos and 2 to 4-unit attached condo projects. And, mortgage loans secured by properties in the Emergency Program of the National Flood Insurance Program are no longer required to maintain coverage when certain requirements are met.

See [Announcement SVC-2018-09](#) for details of these updates and several miscellaneous *Servicing Guide* revisions.

As always, thank you for your business. I wish you and yours a happy and safe holiday season. See you in the new year!

Carlos Perez