

Lender Letter LL-2014-07

November 17, 2014

To: All Fannie Mae Single-Family Servicers

Updates to Compensatory Fees for Delays in the Liquidation Process, Foreclosure Time Frames and Allowable Foreclosure Attorney Fees

Updates to Compensatory Fees

Servicing Guide A1-4.2-02, Compensatory Fees for Delays in the Liquidation Process

Establishment of Minimum Aggregate Billing

Effective with foreclosure sales completed on or after January 1, 2015, for a given month, a servicer will not be assessed a compensatory fee for delays in connection with a completed foreclosure if the servicer's aggregate amount for that month's compensatory fees is \$25,000 or less. Furthermore, compensatory fees will not be carried over to the following month's invoice, if any.

Temporary Suspension of Compensatory Fee Assessments in Certain Jurisdictions

The assessment of compensatory fees will be temporarily suspended in the following four jurisdictions, effective for foreclosure sale dates on or after January 1, 2015:

- District of Columbia,
- Commonwealth of Massachusetts,
- State of New Jersey, and
- State of New York.

The suspension will last, at a minimum, for foreclosure sale dates through June 30, 2015. At the conclusion of the suspension period, Fannie Mae will update allowable foreclosure time frames for these jurisdictions and will retroactively apply their foreclosure time frames to foreclosure sale dates on or after January 1, 2015, as applicable. Upon completion of the suspension and retroactive revisions to each jurisdiction's allowable foreclosure time frame, the servicer will be billed in arrears for any compensatory fees incurred during the suspension period in a supplemental monthly billing, if applicable.

The servicer will be notified of when to expect these supplemental monthly invoices and separate periods for the appeal process prior to a supplemental billing will be identified.

These policy changes will be reflected in the January 2015 monthly update of the *Servicing Guide*.

Updates to Foreclosure Time Frames

Fannie Mae is increasing the maximum number of allowable days for routine foreclosure proceedings for 47 jurisdictions, effective for foreclosure sales completed on or after November 1, 2014. Please review the updated foreclosure time frames in [Foreclosure Time Frames and Compensatory Fee Allowable Delays](#) on Fannie Mae's website.

Updates to Allowable Foreclosure Attorney Fees

Fannie Mae is updating the maximum allowable foreclosure attorney fees for all Fannie Mae mortgage loans secured by properties located in 50 jurisdictions.

The updated fees apply to all matters referred to counsel for initiation of foreclosure on or after June 1, 2012, by the present or prior servicer, provided the matter is still active as of the date of this Lender Letter; except, however, the fee in Connecticut for a Foreclosure by Market Sale is effective for foreclosure referrals on or after January 1, 2015.

For purposes of this Lender Letter, 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.

NOTE: The [Allowable Foreclosure Attorney Fees Exhibit](#) on Fannie Mae’s website has been updated to reflect these changes and to update certain footnote annotations.

Servicers should contact their Servicing Consultant, Portfolio Manager, or Fannie Mae’s National Servicing Organization’s Servicer Support Center at 1-888-FANNIE5 (1-888-326-6435) with any questions regarding this Lender Letter.

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