

Remitting and Reporting Liquidations

(Action Code 70 and 72)

This job aid provides servicers with a brief overview for remitting liquidation proceeds and reporting liquidation activity on loans.

Action Code 70 – Liquidation Held for Sale. Used to report that a loan has been foreclosed or a deed-in-lieu of foreclosure has been accepted, and the property is either held for sale or assigned to the VA as a No Upset case.

The following will also fall into this category:

1. All conventional uninsured properties
2. All VA No Upset/No Bid cases, even if the property is assigned to the VA as a No Upset
3. All FHA coinsured cases with Section of the Act - 244
4. Any kind of liquidation where it is known that the property will be Held for Sale.

The Action Date is the date of the foreclosure sale or, for deed-in-lieu, the date the deed was accepted by the servicer.

Action Code 72 – Liquidated-Pending Conveyance. Used to report that a loan has been foreclosed, or a deed-in-lieu had been accepted, and the property may be conveyed to FHA/VA/MI.

The following will also fall into this category:

1. All conventional insured cases, including those in redemption
2. FHA/VA loans in redemption unless for some known reason the property will be held for sale (in which case the reporting Action Code would be 70)

The Action Date is the date of the foreclosure sale or, for deed-in-lieu, the date the deed was accepted by the servicer. The reported LPI date must be at least three months delinquent.

Remitting Liquidation Proceeds

Fannie Mae requires servicers to remit the liquidation proceeds to Fannie Mae within two business days of a servicer's receipt of the net sale proceeds, but no later than three business days after the sale closing.

The list below includes important reminders for remitting liquidation proceeds.

- Remit the short sale proceeds via the Cash Remittance System (CRS) using the special remittance.
 - **310** HUD – 1 Sales
 - **311** Third Party Sale

NOTE: Do not use code 001, 002, or 003 to remit liquidation proceeds as this will cause Shortage/Surplus errors.

- Be sure to include the Fannie Mae loan number where indicated.
- Liquidation proceeds must not be applied on your system to reduce the unpaid principal balance of a loan as this will cause an error that impacts the accuracy of both the remittance and reporting to Fannie Mae.



Reporting Liquidation Activity

Servicers must ensure that reporting is completed timely and accurately by submitting a Loan Activity Report (LAR) in LSDU. Review LSDU to confirm reporting of loan data.

The list below includes important reminders for submitting a LAR.

- Submit the LAR the next business day after processing the removal transaction on servicer's system.
- Report using Action Code 70 (Liquidation Held for Sale) and 72 (Liquidated-Pending Conveyance to FHA/VA/MI).
- Report an Action Date equal to the sale date.
- Report remaining LAR fields based on the loan's specific remittance type (Actual/Actual, Scheduled/Actual, or Scheduled/Scheduled).

Refer to the [LSDU User Guide](#) for more information as needed.

For liquidations remitting and reporting questions, contact master_servicing@fanniemae.com. You may call 1-800-2-FANNIE (1-800-232-6643), option 1 (servicer), option 6 (investor reporting).

Additional Resources and Support For general questions on evaluating a loan for a liquidation, send an email to servicing_solutions@fanniemae.com or call 1-800-2-FANNIE (1-800-232-6643), option 1 (servicer), option 3 (general servicing questions).