



Delinquency Counseling Policies

July 5, 2016

This job aid is a tool for the servicer to understand Fannie Mae’s delinquency counseling requirements, updates of which were announced in [SVC-2016-05](#) on June 8, 2016. With these updates, Fannie Mae deleted *Servicing Guide* topic D2-2-09, *Collection Requirements for a Borrower Who Has a Community Lending Mortgage Loan*, and its related policies. The servicing of community lending mortgage loans is now aligned under the policies for all other Fannie Mae conventional mortgage loans. Furthermore, with a focus on supporting sustainable homeownership, Fannie Mae updated other policies in the *Servicing Guide* to increase the visibility of available resources to the borrower.

Topic	Previous Policy	Current Policy
Delinquency Counseling Awareness, Offer, and Scheduling	<p>For a community lending mortgage loan the servicer must:</p> <ul style="list-style-type: none"> • Offer early delinquency counseling for seven years following the mortgage origination. • Schedule the initial counseling session no later than the 45th day of delinquency, if the borrower accepts the counseling offer. <p>If the borrower demonstrates unwillingness or delinquency does not appear curable, counseling should not be used; the servicer must pursue a workout option or foreclosure.</p> <p>For all Fannie Mae mortgage loans the servicer must:</p> <ul style="list-style-type: none"> • Be aware of any programs that may assist a borrower in resolving their delinquencies, or of any counseling agencies that may help them in their debt management. • Refer the borrower to those programs or agencies when it is appropriate. 	<p>For all Fannie Mae mortgage loans the servicer must:</p> <ul style="list-style-type: none"> • Be aware of any programs that may assist a borrower in resolving their delinquencies, or of any housing counseling agencies that may help them in their debt management. • Provide information on and refer the borrower to those programs or agencies when it is appropriate. <p>There are no longer unique counseling requirements for community lending mortgage loans.</p>
Procedures on Referring a Borrower to Housing Counseling	<p>The servicer must have counseling procedures to advise the borrower on how to avoid or cure delinquencies.</p>	<p>The servicer must have procedures to:</p> <ul style="list-style-type: none"> • Advise the borrower on how to avoid or cure delinquencies. • Instruct the borrower on how to obtain information about housing counseling. • Refer the borrower to housing counseling upon the borrower’s request for counseling.
Welcome Letter	<p>For a community lending mortgage loan the servicer must send the borrower a welcome letter with specified content after closing and before the first payment is due.</p>	<p>There are no unique welcome letter requirements for community lending mortgage loans.</p>



Topic	Previous Policy	Current Policy
Borrower Authorization Form	The servicer must: <ul style="list-style-type: none"> • Send a Borrower Authorization for Counseling form at first delinquency for a community lending mortgage loan, if not already on file. • Maintain in the mortgage loan servicing file an executed Borrower's Authorization for Counseling form. 	The servicer must maintain in the mortgage loan servicing file any executed third-party authorizations for housing counseling. <i>There are no requirements to send, or use a specified authorization form for a community lending mortgage.</i> Note: When third-parties are used, applicable law governs required authorizations.
Payment Reminder Notice	For a community lending mortgage loan the servicer must mail a payment reminder notice no later than the 10 th day of delinquency if the payment has not been received.	The servicer must send a payment reminder notice no later than the 17 th day of delinquency if the payment has not been received. Include new additional required content: <ul style="list-style-type: none"> • An explanation that the borrower can seek assistance with household budgeting at no charge from HUD-approved housing counseling agencies that can be found on HUD.gov. • Information regarding the availability of additional educational resources at Fannie Mae's Know Your Options™ website.
Borrower Solicitation Letter	For a community lending mortgage loan the servicer must mail borrower solicitation letter no later than the 17 th day of delinquency.	For all Fannie Mae mortgage loans, if QRPC has not been achieved or a resolution to the delinquency isn't obtained by the 45 th day of delinquency, the servicer must send either a <i>Borrower Solicitation Letter</i> (Form 745), or equivalent, or a complete Borrower Solicitation Package.
Counseling Provider	If the servicer uses a third party for early delinquency counseling, the servicer must ensure its awareness of Fannie Mae's workout options and track the status and outcome of its actions.	Housing counseling must be provided by a HUD-approved counseling agency. <i>There are no specific reporting and tracking requirements when a borrower is referred to a third-party counselor.</i>



Topic	Previous Policy	Current Policy
Housing Counseling Definition	N/A	<p>For policies related to housing counseling, the following definition, based on one developed by HUD and previously incorporated into Fannie Mae's <i>Selling Guide</i>, has been added.</p> <p>Housing Counseling – Counselor-to-client assistance provided by a HUD-approved counseling agency that involves the creation of an action plan to address unique financial circumstances and housing issues, and which focuses on overcoming specific obstacles to achieve housing goals, such as :</p> <ul style="list-style-type: none"> • repairing credit; • avoiding foreclosure; • resolving a financial crisis; and • raising awareness about critical housing topics, such as predatory lending practices, fair lending, and fair housing requirements.

Disclosure: The information provided in this job aid is a summary of Fannie Mae's delinquency counseling requirements provided in the *Servicing Guide*. In the event of a conflict between information provided in this document and the requirements in the *Servicing Guide*, the requirements in the *Servicing Guide* shall control.

Additional Housing Counseling Resources

The following links provide additional information and resources for the borrower, servicer, and housing counselors.

Topic	Links
Housing Counselors	http://www.knowyouroptions.com/find-resources/mortgage-assistance/housing-counselors http://www.hud.gov/counseling
Fannie Mae's Mortgage Help Network	http://www.knowyouroptions.com/find-resources/mortgage-assistance/fannie-mae-mortgage-help-network
Resources for Housing Counselors	http://www.fanniemae.com/singlefamily/housing-counselors