

Announcement SVC-2010-09**July 27, 2010****Reporting and Validation of Mortgage Insurance Coverage****Introduction**

Under the Fannie Mae Charter Act, loans with LTV ratios in excess of 80 percent generally require some form of mortgage insurance coverage or other specified form of credit enhancement. Several efforts are underway to improve the quality of the information that Fannie Mae has regarding loan-level mortgage insurance coverage data.

To enhance the accuracy of mortgage insurance-related data, Fannie Mae is requiring seller/servicers to direct mortgage insurers, in writing, to provide Fannie Mae with information concerning its insured loans. The purpose of this Announcement is to introduce requirements and provide a form that may be used for these instructions and to describe pre-delivery mortgage insurance validation efforts currently under development.

Instructions to Mortgage Insurers***Servicing Guide, Part II, Chapter 1: Mortgage Insurance***

To facilitate Fannie Mae's ability to validate mortgage insurance coverage directly with the mortgage insurers, seller/servicers must instruct mortgage insurers to release data to Fannie Mae (at Fannie Mae's request) for any mortgage loans that Fannie Mae currently owns or securitizes or may own or securitize in the future. On or before October 1, 2010, each seller/servicer must instruct, in writing, each mortgage insurer of mortgage loans it currently services or may service in the future for Fannie Mae, to provide Fannie Mae with any and all information Fannie Mae may request concerning the mortgage and the insurance. In addition, each seller/servicer must provide any Fannie Mae-approved mortgage insurer with which it may begin doing business in the future with the same written instructions at the outset of the relationship.

These instructions do not relieve seller/servicers of their obligations under the *Selling* and *Servicing Guides* to report mortgage insurance coverage terms completely and accurately to Fannie Mae, nor do they imply that the mortgage insurer rather than the seller/servicer will be the initial source of this data for Fannie Mae. For example, seller/servicers are currently required to provide specific information regarding the origination, servicing, and coverage of insured loans owned or securitized by Fannie Mae, including the name of the coverage provider, the mortgage insurer company code, and the commitment/certificate number. Rather, these instructions will facilitate Fannie Mae's ability to validate such terms directly with the mortgage insurer, including but not limited to confirming whether the coverage has been rescinded, terminated, or cancelled.

The seller/servicer's instructions must:

- apply to all mortgage loans insured by, or that may be insured by, the mortgage insurer and serviced on behalf of Fannie Mae now or in the future, including loans held in MBS or portfolio; and
- instruct each mortgage insurer to provide to Fannie Mae any information, data and materials requested by Fannie Mae, including but not limited to information regarding the origination, servicing and coverage, including any cancellation or rescission of coverage and the reasons and all supporting documentation for such actions.

A disclosure template and release instructions are posted on eFannieMae.com. The seller/servicer may use this form or any other form that is acceptable to the mortgage insurer and that results in the release of the requested data to Fannie Mae. The disclosure instructions and release must be returned to each mortgage insurer using the contact information posted on eFannieMae.com. Language that accomplishes the same objective may also be included in any other written agreement between the seller/servicer and mortgage insurer, such as a master primary policy, as long as it covers both loans currently insured by the mortgage insurer as well as those that become insured or may become insured in the future. Under such circumstances, separate instructions need not be returned to each mortgage insurer using the posted contacts.

Note: The *Selling Guide* will also be updated in the future to accommodate this policy requirement.

Mortgage Insurance Data Validation

Fannie Mae is currently developing a Web service to validate mortgage insurance coverage data with the mortgage insurer prior to loan delivery. Once this service and supporting delivery edits are implemented, mortgage loans that require mortgage insurance will not be eligible for delivery until the coverage data has been validated by the mortgage insurer. Fannie Mae will issue additional information about the mortgage insurance data validation process and delivery edits in future communications (a *Selling Guide* announcement or Loan Delivery release notes).

Until the Web service is operational, if the data provided by the mortgage insurer (upon request by Fannie Mae) differs from the data provided by the seller/servicer, Fannie Mae will request that the seller/servicer correct the data submitted or provide an explanation or support for its submission. Confirming the data or submitting an explanation is required in addition to, and not in lieu of, taking whatever actions may be necessary to rectify an error or bring a loan into compliance with Fannie Mae requirements.

Servicers should contact their Servicing Consultant, Portfolio Manager, or the National Servicing Organization's Servicer Support Center at 1-888-FANNIE5 (888-326-6435) with any questions regarding this Announcement.

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