

**Announcement SVC-2011-02****March 1, 2011****Updates to the Mandatory Retained Attorney Network****Introduction**

In the *Servicing Guide*, Part VIII, Section 104.01: Fannie Mae-Retained Attorneys, Fannie Mae outlines its mandatory network of retained attorneys to handle all foreclosure and bankruptcy matters (as well as post-foreclosure legal proceedings and activities) relating to conventional or government mortgages held in its portfolio or that are part of an MBS pool that has the special servicing option or a shared-risk MBS pool for which Fannie Mae markets the acquired property. The network initially included 31 jurisdictions with the expectation that additional jurisdictions would be added over time.

**New Jurisdictions**

Fannie Mae is adding the following fourteen jurisdictions (the new jurisdictions) to the mandatory retained attorney network:

Alaska	Idaho	Mississippi	Oregon
Arkansas	Kansas	Nebraska	Utah
Delaware	Kentucky	New Mexico	
District of Columbia	Maine	Nevada	

Fannie Mae has posted on eFannieMae.com an updated list of attorneys in the new jurisdictions who are eligible to receive foreclosure and bankruptcy referrals relating to Fannie Mae mortgage loans (the [Retained Attorney List](#)). Attorneys may be added or removed from the Retained Attorney List from time to time. Servicers are responsible for periodically checking the Retained Attorney List to ensure they are using the most current list.

**Referral Requirements and Effective Date**

The effective date for mandatory use of the attorneys on the Retained Attorney List in the new jurisdictions is May 1, 2011; however, servicers are encouraged to use these attorneys as soon as possible. On and after the effective date, servicers are required to direct all new Fannie Mae foreclosure and bankruptcy referrals in the new jurisdictions to a retained attorney.

Foreclosure and bankruptcy referrals made prior to the effective date in the new jurisdictions may remain with the original attorneys (or trustees) to whom they were referred. In addition, if a foreclosure referral is made before the effective date to an attorney that is not on the Retained Attorney List, that attorney may handle any subsequent bankruptcy that arises before completion of the foreclosure or reinstatement of the loan if the attorney has the necessary qualifications.

In all cases, the servicer must advise the attorney to whom the referral is made that Fannie Mae owns or securitizes the mortgage loan being referred. The Fannie Mae retained attorney to whom a foreclosure referral is made will handle any subsequent bankruptcy case, and the Fannie Mae retained attorney to whom a bankruptcy referral is made will handle any foreclosure following resolution of the bankruptcy case, unless Fannie Mae approves a deviation from this policy. However, if a foreclosure is being processed by a Fannie Mae retained attorney and a bankruptcy that affects the property is filed in another jurisdiction, the servicer must refer the bankruptcy to an attorney on the Retained Attorney List for the jurisdiction in which the bankruptcy is filed. After the bankruptcy case is resolved, if foreclosure is still necessary, the servicer must refer the matter back to the attorney on the Retained Attorney List that originally handled the foreclosure proceeding.

## **Special Guidelines for Nevada**

The guidance set forth in the *Servicing Guide*, Part VIII, Section 104.03: Servicer-Retained Attorneys/Trustees and Special Rules for Nevada, with regard to obtaining evidence of title and managing Nevada foreclosures are hereby revoked. Servicers are required to refer foreclosure and bankruptcy referrals to the Nevada attorneys identified on the Retained Attorney List after the effective date. Servicers are not authorized after the effective date to refer foreclosure matters to trustee companies in Nevada.

## **Special Guidelines for Puerto Rico**

Effective immediately, for new foreclosure and bankruptcy referrals in Puerto Rico, servicers may use either the Fannie Mae retained attorney for Puerto Rico or qualified attorneys of their choice in accordance with Part VIII, Section 104: Referral to Foreclosure Attorney/Trustee of the *Servicing Guide*. Servicers who choose not to use the Fannie Mae retained attorney for Puerto Rico will be required to reimburse Fannie Mae for any losses that may occur because the attorney they selected failed to meet his or her responsibilities diligently.

## **Jurisdictions Not on the Retained Attorney List**

For jurisdictions that are not included on the Retained Attorney List, Fannie Mae will continue to rely upon servicers to select and retain qualified attorneys of their choice to handle Fannie Mae foreclosure and bankruptcy matters in accordance with the *Servicing Guide* requirements.

## **Servicer Responsibility for Managing and Monitoring Retained Attorneys**

Servicers are reminded that they are responsible for managing and monitoring all aspects of the performance of any retained attorney to whom they make a referral, including loss mitigation activities, cure rates, and timeline performance. The servicer will not be required to reimburse Fannie Mae for any losses incurred because the retained attorney failed to properly meet his or her responsibilities, nor will the servicer be subject to the imposition of compensatory fees related to deficiencies in the performance of the retained attorney -- as long as the losses or deficiencies are unrelated to any failure by the servicer to monitor or manage the performance of the retained attorney or failure of the servicer to provide, on a timely basis, required or requested documents, information, or signatures to the retained attorney. If compensatory fees

are assessed against the servicer, the servicer may not seek or receive payment or reimbursement of the compensatory fees from the retained attorney.

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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) if they have any questions about this Announcement.

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