

**Announcement SVC-2011-05****May 2, 2011****Miscellaneous Servicing Policy Changes****Introduction**

This Announcement describes updates and clarifications to several servicing policies, including:

- Introduction of Adverse Action Notice (Form 182)
- New incentive payment process for preforeclosure sales and deeds-in-lieu of foreclosure
- Extension of military indulgence as a result of the Helping Heroes Keep their Homes Act of 2010

**Effective Date**

Unless otherwise indicated, all policy changes included in this Announcement are effective immediately.

**Introduction of Adverse Action Notice ([Form 182](#))**

If a borrower request for a mortgage loan modification has been submitted by the servicer to Fannie Mae through the HomeSaver Solutions<sup>®</sup> Network (HSSN) for approval, and Fannie Mae advises the servicer through HSSN that the request for a modification is declined, the servicer must send an Adverse Action Notice to the borrower if the borrower is not delinquent or in default (that is, the borrower's mortgage loan is current on the date Fannie Mae advises the servicer of the declination). This requirement becomes effective for all modification declinations issued by Fannie Mae through HSSN on or after June 15, 2011.

Servicers may elect to use Fannie Mae's Adverse Action Notice (Form 182). If a servicer elects to use its own Adverse Action Notice, the content must be in form and substance the same as the model language in Form 182 posted on eFannieMae.com. The Notice must be sent within 30 days after Fannie Mae advises the servicer through HSSN of the declination of the modification request. The Notice is not required if the servicer offers the borrower a counteroffer, such as forbearance or other payment plan, and the borrower accepts the counteroffer within the 30-day period. The servicer must maintain a copy of the Notice in the mortgage loan servicing file and provide a copy to Fannie Mae upon request.

**New Incentive Payment Process for Preforeclosure Sales and Deeds-in-Lieu of Foreclosure**

***Servicing Guide*, Part VII, Section 604: Preforeclosure Sales; Section 604.07: Accounting and Reporting; Section 606: Deeds-in-Lieu of Foreclosure**

Currently, Fannie Mae will pay a servicer an incentive fee for each successful and eligible preforeclosure sale and deed-in-lieu of foreclosure completed. Eligible incentive fees are paid after a servicer closes a case in HSSN and Fannie Mae receives the *Cash Disbursement Request* ([Form 571](#)).

Effective with preforeclosure sales and deeds-in-lieu of foreclosures closed on or after June 1, 2011, after the servicer enters a closed case into HSSN, Fannie Mae will review the case for eligibility of incentive fees and make a final determination based on the case information provided by the servicer. Approved incentive fees will be paid to servicers once per month in the month following the month in which the preforeclosure sale or deed-in-lieu of foreclosure case was closed in HSSN. The servicer is no longer required to submit Form 571 requesting payments for preforeclosure sale and deed-in-lieu of foreclosure incentive fees for any cases closed on or after June 1, 2011.

For all cases closed in HSSN prior to June 1, 2011, the servicer must submit Form 571 to Fannie Mae within 30 days of the date the servicer closes a case in HSSN. In addition, servicers must continue to submit Form 571 to request reimbursement of eligible expenses related to preforeclosure sales or deeds-in-lieu of foreclosure, such as taxes and insurance.

## **Extension of Military Indulgence as a Result of Helping Heroes Keep their Homes Act of 2010**

### ***Servicing Guide*, Part III, Chapter 1, Exhibit 1: Military Indulgence**

Pursuant to the Helping Heroes Keep Their Homes Act of 2010 (the Act), Fannie Mae is modifying the foreclosure stay policy in the *Servicing Guide*. The Act extended the expiration of the enhanced stay of foreclosure and other legal proceedings provided by the Housing and Economic Recovery Act of 2008 through December 31, 2012.

The Act requires a stay of foreclosure proceedings and other legal proceedings on eligible mortgage loans for nine months following the termination of a servicemember's active duty. After the expiration date of the Act, servicers are required to limit the granting of a stay of foreclosure or other legal proceedings to a maximum of 90 days after termination of active duty unless the enhanced stay provisions are further extended by Congress.

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Servicers should contact their Servicing Consultant, Portfolio Manager, Investor Reporting Business Analyst, or Fannie Mae's National Servicing Organization's Servicing Solutions Center at 1-888-FANNIE5 (888-326-6435) with any questions regarding this Announcement.

Gwen Muse-Evans  
Vice President  
Chief Risk Officer for Credit Portfolio Management