

Announcement SVC-2011-11**June 22, 2011****Updates to Delinquency Status Codes**

This Announcement contains updates to Fannie Mae's policy on delinquency status reporting.

Delinquency Status Reporting***Servicing Guide*, Chapter 7: Delinquency Status Reporting and Section 701: Delinquency Status and "Reason for Delinquency" Codes**

Fannie Mae requires that the servicer must report the specific delinquency status code that best describes the latest action it has taken to cure a delinquency or, if that failed, to liquidate the mortgage loan. Following the 30th day of delinquency, the servicer must advise Fannie Mae of the action it plans to take (or has taken) by reporting the appropriate delinquency status code, the default effective date of the delinquency status being reported, and the "Reason for Delinquency" code that best describes the primary reason for a delinquency as part of its next scheduled delinquency status report.

Each month, the servicer must report delinquent mortgage loans to Fannie Mae using the HomeSaver Solutions[®] Network or HSSN. This system maintains delinquency status information for all portfolio mortgage loans (regardless of the remittance type or Fannie Mae's ownership interest) and for all MBS mortgage loans (regardless of the servicing option under which they are serviced).

Enhancements to HSSN

HSSN has been enhanced to add delinquency status codes and clarify the definitions of other existing delinquency status codes. The system enhancements and clarifications were made to encourage more effective communication between servicers and Fannie Mae. Refer to eFannieMae.com for a list and detailed description of the delinquency status codes and their appropriate use.

New Reporting Directions

Fannie Mae previously instructed servicers to report a Delinquency Status Code 09 – Forbearance during the trial period. With this Announcement, servicers must report a Delinquency Status Code BF – Trial Modification during the trial period. Code BF must be reported once the Trial Period Plan begins; Code 09 must not be reported if the borrower is placed in a Trial Period Plan. Servicers should no longer report Code 09 during a trial period.

Retirement of Delinquency Status Code 19 - Partial Reinstatement

Fannie Mae is retiring Delinquency Status Code 19 – Partial Reinstatement – in HSSN. Formerly, this code was used to indicate the servicer was working with the borrower to facilitate a Home Saver Advance in order to avoid foreclosure.

Inaccurate Reporting of Delinquencies

The servicer must utilize HSSN to report accurate and timely delinquency status information to Fannie Mae. Failure to report on an accurate and timely basis and to otherwise comply with the requirements provided in this Announcement and the *Servicing Guide* (Part VII, Chapter 7: Delinquency Status Reporting), may result in the imposition of compensatory fees. Fannie Mae may rely on this data, in whole or in part, in its assessment of performance deficiencies and imposition of compensatory fees.

Fannie Mae will utilize delinquent mortgage loan status code data and other information collected from the servicer during other interactions to identify delays in the default management process. Fannie Mae may elect to perform a servicing review to further evaluate the actions the servicer took in servicing those mortgage loans. Fannie Mae will notify the servicer of the intention to perform a desk review or an on-site review. The servicer must send the requested documentation or make it available for an on-site review within the time frame specified in the notification. If the servicer fails to do so, Fannie Mae may assess compensatory fees without first reviewing the mortgage loan or exercise other available remedies.

Effective Date

When appropriate, servicers are encouraged to start reporting these new codes with the December 2011 reporting for November 2011 activity; however, servicers are required to use these delinquency status codes no later than the March 2012 reporting month for February 2012 activity.

Unless otherwise indicated, all policy changes included in this Announcement are effective February 2012 and all other requirements provided in these sections of the *Servicing Guide* remain unchanged.

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

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