

Servicing Guide Announcement SVC-2011-21

November 22, 2011

Miscellaneous Servicing Policy Updates

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

- Mortgage Insurer Delegation for Preforeclosure Sales and Deeds-in-Lieu of Foreclosure
- Fannie Mae Modification Rate Adjustment
- Outbound Calls

Mortgage Insurer Delegation for Preforeclosure Sales and Deeds-in-Lieu of Foreclosure

***Servicing Guide*, Part VII, Section 604: Preforeclosure Sales, Section 604.04: Discussing Sale With the Mortgage Insurer, and Section 606: Deeds-in-Lieu of Foreclosure**

To improve the efficiency of the preforeclosure and deed-in-lieu of foreclosure process, Fannie Mae has obtained blanket delegations of authority on behalf of all servicers from several mortgage insurers. As a result, servicers can process a preforeclosure sale or deed-in-lieu of foreclosure in connection with Fannie Mae-owned or -guaranteed loans, without obtaining separate mortgage insurer approval from these mortgage insurers. The mortgage insurers from which blanket delegations of authority have been obtained are provided on eFannieMae.com. As a reminder, servicers should consult their mortgage insurance providers for specific processes related to the reporting of preforeclosure sales and deeds-in-lieu, and other operational matters. In all cases, servicers must otherwise follow Fannie Mae guidelines in connection with preforeclosure sales and deeds-in-lieu of foreclosure.

Check eFannieMae.com regularly as additional revisions are expected. Even though these blanket delegations allow servicers to process preforeclosure sales or deeds-in-lieu of foreclosure without obtaining separate mortgage insurer approval, servicers must still ensure that such preforeclosure sales and deeds-in-lieu do not impair any existing mortgage insurance coverage and adhere to all other requirements of the applicable master policy.

Effective Date

The effective date for these new mortgage insurer delegations are for contracts received by the servicer on or after November 28.

Fannie Mae Modification Rate Adjustment

***Servicing Guide*, Part VII, Section 602.02: Modifying Conventional Mortgage Loans**

Announcement SVC-2011-08R, *Delinquency Management and Default Prevention*, provided modification terms for mortgage loans with a pre-modification mark-to-market loan-to-value (MTMLTV) ratio greater than or equal to 80%. The modification terms included setting the modified interest rate to Fannie Mae's established interest rate.

With this Announcement, Fannie Mae is adjusting the required interest rate for Fannie Mae modifications with a pre-modification MTMLTV ratio greater than or equal to 80%. The required modification rate is posted on eFannieMae.com and may be adjusted from time to time for new modifications based on market conditions. Fannie Mae will communicate any future changes to servicers.

Effective Date

Servicers are strongly encouraged to implement the new modification rate as of December 1, 2011, but are required to implement the new rate no later than January 2, 2012, for mortgage loans evaluated for a Fannie Mae non-HAMP modification. If a mortgage loan is in a Trial Period Plan and will convert to a permanent modification on December 1, 2011, the servicer may adjust the borrower's interest rate to the new rate posted on eFannieMae.com upon conversion to the permanent modification. However, if the mortgage loan is in a Trial Period Plan that converts to a permanent modification on or after January 1, 2012, the servicer must adjust the borrower's interest rate to the new rate posted on eFannieMae.com upon converting to a permanent modification.

Outbound Calls

Servicing Guide, Part VII, Section 202: Outbound Calls and Announcement SVC-2011-08R: Delinquency Management and Default Prevention

Announcement SVC-2011-08R required the servicer to make outbound calls to borrowers at least every three calendar days until a specific outcome is attained (for example, establishment of Quality Right Party Contact). Announcement SVC-2011-08R also required servicers to call borrowers on specified days throughout the solicitation process.

With this Announcement, Fannie Mae is clarifying that, if the day the servicer is required to call the borrower is a non-business day and the servicer is not open on that day to conduct loss mitigation and collection activities, the servicer may call the borrower on the next business day.

Effective Date

This policy clarification is effective immediately.

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.

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