

***Servicing Guide* Announcement SVC-2013-11**

June 12, 2013

Miscellaneous Servicing Policy Changes

This Announcement describes servicing policy changes and updates for the following:

- Processing and Applying Mortgage Loan Payments
- Obtaining a Property Valuation for Fannie Mae Conventional Mortgage Loan Modifications
- Processing IRS Form 4506-T and Form 4506T-EZ

Processing and Applying Mortgage Loan Payments

***Servicing Guide*, Part III, Section 101: Scheduled Mortgage Loan Payments; Section 101.04: Payment Overages; Section 101.03: Payment Shortages; Section, 102.01: Additional Principal Payments; and Part VII, Section 301: Assessing Late Charges**

Fannie Mae's current policy allows the servicer to hold in an unapplied funds account any borrower payments that omit late charges. With this Announcement, servicers must accept and apply any borrower payment that includes the full amount for principal, interest, taxes, and insurance, but excludes any applicable late charges, if permitted by applicable law and to the extent that acceptance would not jeopardize the servicer's position in legal proceedings (for example, in foreclosure).

Servicers are reminded that when the payment does include late charges, the servicer must apply the payment as indicated in the *Servicing Guide*, unless the security instrument or applicable law indicates otherwise.

Effective Date

Servicers are encouraged to implement this change immediately; however, servicers must ensure this policy is implemented no later than October 1, 2013

Obtaining a Property Valuation for Fannie Mae Conventional Mortgage Loan Modifications

Servicing Guide*, Part VII, Section 602.02.01: Mortgage Loans in Imminent Default; Section 602.02.03: Property Valuation; Section 609.02.04: NPV Test; and Announcement SVC-2013-05: *Streamlined Modifications, Conventional Mortgage Loan Modifications, and Outbound Communications

Fannie Mae currently requires servicers to obtain a property valuation using a broker price opinion (BPO), an appraisal, Fannie Mae's Automated Property Service™ (APS), Freddie Mac's automated valuation model (AVM), or a third-party AVM, provided that the APS or AVM renders a reliable confidence score for all Fannie Mae conventional mortgage loan modifications, including HAMP, standard modifications, and streamlined modifications.

This Announcement is further clarifying that when the servicer obtains a property valuation using a BPO for Fannie Mae conventional mortgage loan modifications, the servicer must order an exterior BPO.

Processing IRS Form 4506-T and Form 4506T-EZ

***Servicing Guide*, Part VII, Section 601.01.01: Processing the IRS Form 4506-T or 4506T-EZ; Section 205.04: Borrower Response Package; and Section 609.02.05: Verifying Borrower Income and Occupancy Status**

Fannie Mae will no longer require servicers to submit IRS Form 4506-T or Form 4506T-EZ to the IRS when evaluating the borrower for a Fannie Mae HAMP in every instance in which the borrower has not provided his or her signed federal income tax return, complete with all schedules and forms. Servicers must submit IRS Form 4506-T or Form 4506T-EZ (whichever is applicable) to the IRS to obtain a copy of the borrower's tax transcript only in the following instances:

- to reconcile inconsistencies between other information the borrower provided (e.g., information the borrower provided in the *Uniform Borrower Assistance Form* (Form 710 or equivalent)) and the income documentation;
- the borrower has income that must be documented by the borrower's most recent federal income tax return but the borrower has not provided his or her tax return, complete with all schedules and forms (e.g., self-employed borrowers, rental income); or
- upon request by Fannie Mae.

Effective Date

Servicers are encouraged to implement this change immediately; however, servicers must implement this policy change for all Borrower Response Packages received on or after August 1, 2013.

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) with any questions regarding this Announcement.

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