

***Servicing Guide* Announcement SVC-2014-08**

May 21, 2014

Miscellaneous Servicing Policy Updates

This Announcement describes and updates Fannie Mae policies regarding

- calculating the repurchase price,
- release of security,
- servicer oversight and business continuity requirements, and
- stay of foreclosure and other legal proceedings for servicemembers.

Effective Date

Unless otherwise stated, the servicer is encouraged to implement the new policies in this Announcement immediately; however, servicers are required to implement these policies no later than September 1, 2014.

Calculating the Repurchase Price

Servicing Guide, Part VI, Section 202: Repurchase Proceeds

Fannie Mae is clarifying its policy for calculating the repurchase price when a mortgage loan (other than a reverse mortgage) was originally purchased at a premium or discounted purchase price and has undergone negative amortization. Fannie Mae will limit both the purchase discount and the purchase premium to the amount of the original purchase discount or premium, if applicable.

In addition, Fannie Mae is clarifying that the purchase price used to calculate the repurchase amount is expressed as a percentage of par. If a discount was paid at the time that Fannie Mae purchased the mortgage loan, this percentage will be less than 100%. Conversely, the percentage will be greater than 100% if a premium was paid at the time that Fannie Mae purchased the mortgage loan.

Release of Security

Servicing Guide, Part III, Chapter 7: Releases of Security; Section 701: Release or Grant of a Easement; Section 702: Release of Oil, Gas, or Mineral Rights; Section 704: Partial Release of Real Property; Section, 705: Partition of Real Property; Section 706: Substitution of Security; and Section 707: Condemnation or Taking by Eminent Domain

Fannie Mae is updating the documents required to evaluate a request to release all or a portion of the property securing a mortgage loan and revising the *Application for Release of Security* ([Form 236](#)). When Fannie Mae's approval of a release of security is required, the servicer must submit Form 236 and all required documents as specified on the Form 236 to Fannie Mae via email to partial_releases@fanniemae.com. Fannie Mae will review the request and follow up with the servicer accordingly. The servicer is no longer required to contact their Servicing Consultant, Portfolio Manager, or Fannie Mae's National Servicing Organization's Servicing Solutions Center for these approvals.

Servicer Oversight and Business Continuity Requirements

***Servicing Guide*, Part I, Section 202: Servicer's Basic Duties and Responsibilities; Section, 301.01: Servicer's Audit and Control Systems; and Section 307: Compliance with Applicable Laws**

Fannie Mae currently requires each Fannie Mae–approved servicer (and any subservicer or third-party originator it uses) to be aware of, and in full compliance with, all federal, state, and local laws (including statutes, regulations, ordinances, administrative rules and orders that have the effect of law, and judicial rulings and opinions) that apply to any of its origination, selling, or servicing practices or other business practices (including the use of technology) that may have a material effect on Fannie Mae. Fannie Mae is clarifying the servicer's oversight responsibilities to include all outsourcing and third-party vendors used by the servicer. The servicer must also have policies and procedures in place to ensure that all outsourcing firms and third-party vendors used by the servicer are fully compliant with the requirements of the *Servicing Guide* (where applicable), and must perform annual quality control tests accordingly. Test results must be provided to Fannie Mae upon request.

***Servicing Guide*, Part I, Chapter 3: Maintaining Eligibility**

Fannie Mae is updating the servicer's oversight responsibilities to require all subservicers, third-party originators, outsourcing firms and/or third party vendors used by the servicer to implement and maintain business continuity plans that ensure their ability to regain critical business operations in the event of a disruption or disaster.

Additionally, the servicer must implement and maintain business continuity plan(s) that ensure the servicer's ability to regain critical business operations in the event the subservicers, third-party originators, outsourcing firms, and/or third party vendors used by the servicer fail to maintain business continuity, suffer complete business failure, or dissolution.

All plans must be comprehensive, in a written format, accessible to critical staff, annually tested and updated. Test results must be provided to Fannie Mae upon request.


Stay of Foreclosure and other Legal Proceedings for Servicemembers

***Servicing Guide*, Part III, Chapter 1, Exhibit 1: Military Indulgence; *Servicing Guide* Announcement SVC-2013-10, *Miscellaneous Servicing Policy Updates*; and Part IV, Section 205: Effect of Servicemembers Civil Relief Act**

Fannie Mae is updating its requirements for foreclosure proceedings for active duty servicemembers.

The Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012 provides for a 12-month extended stay of foreclosure and other legal proceedings from the date on which military service ends. This extended stay expires December 31, 2014, and effective January 1, 2015, the 12-month stay reverts back to 90 days under the Servicemembers Civil Relief Act.

However, for Fannie Mae mortgage loans, the 12-month extended stay of foreclosure and other legal proceedings period will remain in effect beyond the originally communicated expiration date of December 31, 2014. Additionally, the servicer must also stay any foreclosure proceedings that were already in process or postpone the initiation of foreclosure proceedings against a servicemember eligible for military indulgence. The servicer is no longer permitted to obtain the eligible servicemember's written consent and/or petition the court to continue or commence foreclosure proceedings.



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

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