

Servicing Guide Announcement SVC-2014-16

September 8, 2014

Miscellaneous Servicing Policy Updates

This Announcement describes the following policy updates and clarifications:

- authorizing servicers to waive deficiency judgment rights,
- introducing the Suspended Counterparty Program,
- updating the P&I and T&I Letter of Authorization Forms,
- submitting a post-delivery transfer of servicing or subservicing request,
- adjusting Fannie Mae’s Standard Modification rate,
- updating the *Mortgage Release™ Program Cancellation* form, and
- clarifying the MyCity Modification process for Detroit, Michigan.

Authorizing Servicers to Waive Deficiency Judgment Rights

Servicing Guide, Part VIII, Section 107.08: Pursuit of Deficiency Judgment

Servicers are now authorized to use their discretion to waive Fannie Mae’s deficiency judgment rights if so doing will help resolve foreclosure delays based upon individual borrower circumstances. This authorization is applicable to conventional mortgage loans only.

The following table provides the actions the servicer must complete prior to approving a waiver of deficiency judgment rights.

✓	The servicer must...
	<p>Contact the mortgage insurer (if the mortgage loan is covered by mortgage insurance) to obtain the mortgage insurer’s consent to waive its deficiency judgment rights.</p> <p>If the mortgage insurer does not provide its consent to waive its deficiency judgment rights, the servicer must notify the borrower that, notwithstanding Fannie Mae’s waiver of its deficiency judgment rights, the mortgage insurer may have the right to pursue the borrower for any deficiency judgment which occurs from the resolution of the foreclosure matter.</p>
	<p>Determine if the mortgage loan is on the most recent Fannie Mae Non-Eligible List, which is located on Fannie Mae’s website.</p> <p>If the mortgage loan is on the Non-Eligible List, the servicer must request Fannie Mae approval for a deficiency waiver by:</p> <ol style="list-style-type: none"> 1. requesting a Deficiency Waiver Template from the waiver mailbox at dj_waiver@fanniemae.com, and 2. emailing the completed form to dj_waiver@fanniemae.com.

✓	The servicer must...
	If a mortgage loan is not on the Non-Eligible List, the servicer may use its discretion to determine whether or not to waive Fannie Mae's deficiency judgment rights.

For each deficiency waiver granted, the servicer must ensure that it properly documents the deficiency waiver in the mortgage loan servicing file. This information must be provided to Fannie Mae upon request.

Servicers are also reminded of the following:

- The servicer must pursue a deficiency judgment on an FHA, VA, or RD mortgage loan if instructed to do so by HUD, VA, or RD, respectively.
- A deficiency judgment cannot be pursued for a Texas Section 50(a)(6) mortgage loan.

Effective Date

Servicers are now permitted to implement this new policy for all applicable conventional loans in foreclosure that are experiencing foreclosure delays.

Introducing the Suspended Counterparty Program

Servicing Guide, Part I, Section 301: Internal Audit and Management Control Systems

The Federal Housing Finance Agency (FHFA) established the Suspended Counterparty Program (SCP) to address the risk to Fannie Mae presented by individuals and entities with a history of fraud or other financial misconduct. FHFA maintains the SCP list [on its website](#) of each person or entity currently suspended under this program.

The servicer must establish and maintain a procedure to ensure any individual or entity on the FHFA's SCP list is not involved in activities related to the origination or servicing of mortgage loans owned by Fannie Mae, including the marketing, maintenance, or sale of Fannie Mae REO properties.

Effective Date

The servicer is required to implement the policies related to FHFA's Suspended Counterparty Program immediately.

Updating the P&I and T&I Letter of Authorization Forms

Servicing Guide, Part IX, Section 104: Establishing Custodial Accounts

The *Letter of Authorization for P&I Custodial Account* ([Form 1013](#)) and the *Letter of Authorization for T&I Custodial Account* ([Form 1014](#)) have both been updated. Servicers must now submit these forms electronically to custodial_account@fanniemae.com. Submission of paper versions will no longer be accepted by Fannie Mae. The updated forms are available on Fannie Mae's website.

Effective Date

Servicers must begin using the updated Form 1013 and Form 1014 immediately for all new or updated custodial accounts.

Submitting a Post-Delivery Transfer of Servicing or Subservicing Request

Servicing Guide, Part I, Section 205: Post-Delivery Transfers of Servicing; Part X, Section 103.02: Servicing Transfer Transactions; and Announcement SVC-2014-06: Lender-Placed Insurance Compliance Certification and Servicing Transfers

Fannie Mae is clarifying its current policy for submitting the *Request for Approval of Servicing or Subservicing Transfer* ([Form 629](#)). The servicer must submit the completed Form 629 to Fannie Mae at least 60 days prior to the proposed transfer date. Fannie Mae has updated Form 629 which is available on Fannie Mae's website.

Adjusting Fannie Mae's Standard Modification Rate

Fannie Mae is adjusting the required interest rate for a Fannie Mae Standard Modification. The new mortgage loan modification rate is effective for all Fannie Mae mortgage loans approved for a Fannie Mae Standard Modification on or after September 15, 2014. The new mortgage loan modification rate is available on [Fannie Mae's website](#).

NOTE: *Loan modification requests previously approved at the prior modification rate are not eligible to be resubmitted for approval under the new modification rate.*

Updating the Mortgage Release™ Program Cancellation Form

Fannie Mae is renaming the *Fannie Mae Deed-for-Lease Program Cancellation Form*. It is now titled the *Fannie Mae Mortgage Release™ Program Cancellation Form* ([Form 188](#)). The form and its instructions have been updated and are available on Fannie Mae's website. Servicers must begin using the new form immediately.

Clarifying the MyCity Modification Process for Detroit, Michigan

Fannie Mae is clarifying that once a borrower has accepted an offer for a MyCity Modification, the servicer must process the mortgage loan modification in accordance with the requirements in *Servicing Guide, Part VII, Section 602.02.07: Executing and Processing the Loan Modification Agreement*.

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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