

***Servicing Guide* Announcement SVC-2015-04**

March 18, 2015

***Servicing Guide* Updates**

The *Servicing Guide* has been updated to include the following:

- Updates to the Use of Multiple Custodial Accounts
- Updates to Property (Hazard) and Flood Insurance Losses
- Updates to Delinquency Status Code Hierarchy and Definitions
- New Requirements for Reimbursing Fannie Mae for a Cancelled Mortgage Loan Modification
- Updates to Fannie Mae Standard and Streamlined Modifications
- Updates to Notifying Fannie Mae of Changes to a Servicer's Organization
- Introduction of the Non-Routine Litigation Form (Form 20)

Each of these updates is described below. The servicer must review each topic in the *Servicing Guide* in its entirety to gain a full understanding of the policy change(s).

Multiple Custodial Accounts

Servicing Guide [A4-1-02, Establishing Custodial Accounts](#) has been updated to authorize the servicer to maintain multiple P&I Custodial Accounts per remittance type for Fannie Mae mortgage loans.

Effective Date

This policy change is effective immediately.

Property (Hazard) and Flood Insurance Losses

Servicing Guide [B-5-01, Insured Loss Events](#) has been updated to no longer require a final inspection for a mortgage loan that is current at the time of the loss event and the insurance loss proceeds are less than or equal to \$10,000.

Effective Date

This policy change is effective February 1, 2015.

Delinquency Status Code Hierarchy and Definitions

Servicing Guide [F-1-32, Reporting a Delinquent Mortgage Loan via HomeSaver Solutions™ Network](#) has been updated to amend the definition of Delinquency Status Code "BF" (Trial Modification) to include a borrower that has been approved to participate in a mortgage loan modification that requires a Trial Period Plan, regardless if the required payments under the Trial Period Plan are being received.

Effective Date

The servicer is authorized to begin using the updated definition for Delinquency Status Code “BF” for the May 2015 delinquency reporting cycle for April 2015 activity; however, the servicer must implement the new definition for Delinquency Status Code “BF” by the June 2015 delinquency reporting cycle for May 2015 activity.

Reimbursing Fannie Mae for a Cancelled Mortgage Loan Modification

Servicing Guide [F-1-06, Expense Reimbursement](#) has been updated to include a requirement for when the servicer cancels a mortgage loan modification and does not re-enter the mortgage loan modification into HSSN within 30 days. The servicer must refund Fannie Mae within 60 days of the cancellation date any requested amounts paid by Fannie Mae to the servicer in connection with the cancelled mortgage loan modification.

Effective Date

This policy change is effective immediately.

Updates to Fannie Mae Standard and Streamlined Modifications

Fannie Mae is updating policies to, among other things, anticipate a potential financial hardship related to an interest rate increase for a mortgage loan that was previously modified to a mortgage loan with a step interest rate feature. The *Servicing Guide* has been updated as follows:

- [D2-3.2-08, Fannie Mae Streamlined Modification](#)
 - requires the servicer to evaluate the mortgage loan and solicit the borrower for a Fannie Mae Streamlined Modification if the mortgage loan was previously modified into a mortgage loan with a step-rate feature, an interest rate adjustment has occurred within the last 12 months, and the mortgage loan has become 60 days delinquent after the interest rate adjustment.
 - includes new policies and requirements for evaluating the borrower for a Fannie Mae MyCity Modification when the servicer receives a complete Borrower Response Package (BRP) after the borrower has accepted a Fannie Mae Streamlined Modification offer.
 - requires that a mortgage loan must not have been previously modified in accordance with [D2-3.2-05, Fannie Mae Standard Modification](#) and become 60 or more days delinquent within 12 months of the modification effective date without being reinstated.
- [D2-2-04, Sending a Borrower a Solicitation Package for a Workout Option](#) no longer requires the servicer to send the Borrower Solicitation Letter – 61 Days Delinquent ([Form 761](#)) when certain conditions apply and the servicer solicits the borrower for a Fannie Mae Streamlined Modification.
- [D2-1-02, Using Freddie Mac’s Imminent Default Indicator](#) and [F-1-15, Preparing to Implement a Workout Option](#) include a new acceptable hardship for a mortgage loan to be categorized as “at risk of imminent default”.
- [D2-3.2-05, Fannie Mae Standard Modification](#), [D2-3.2-08, Fannie Mae Streamlined Modification](#), [D2-3.2-09, Fannie Mae Streamlined Modification Post Disaster Forbearance](#), [D2-3.2-10, Fannie Mae Cap and Extend Modification for Disaster Relief](#), and [D2-3.2-11, Fannie Mae MyCity Modification](#) remove the requirement that if the mortgage loan becomes 60 or more days delinquent within the first 12 months after the effective date of the mortgage loan modification, the servicer must immediately work with the borrower to pursue a short sale or Mortgage Release, or, in accordance with the mortgage loan documents and applicable law, commence foreclosure proceedings.
- [D2-3.2-05, Fannie Mae Standard Modification](#) requires that a mortgage loan must not have been previously modified and become 60 or more days delinquent within the first 12 months of the effective date of the mortgage loan modification without being reinstated.

- [D2-3.2-05, Fannie Mae Standard Modification](#) and [D2-3.2-08, Fannie Mae Streamlined Modification](#) require that a mortgage loan must not have been previously modified three or more times.

NOTE: *The servicer is reminded to update the Streamlined Modification Solicitation Letter and the Streamlined Modification Trial Period Plan Notice [Evaluation Notice](#) if the mortgage loan previously completed a Fannie Mae HAMP Modification.*

Effective Date

The servicer is encouraged to implement these policies and requirements immediately, but must implement no later than July 1, 2015.

Changes in a Servicer's Organization

Servicing Guide [A3-3-04, Reporting Changes in the Servicer's Organization](#) has been updated to clarify the requirements for notifying Fannie Mae of any contemplated change to the servicer's organization.

Effective Date

This policy change is effective immediately.

Non-Routine Litigation Form

Fannie Mae is updating the process for submitting non-routine legal matters to Fannie Mae. Previously when reporting a non-routine legal matter, the servicer or law firm was required to send an email to nonroutine_litigation@fanniemae.com. Effective March 23, 2015, the servicer or law firm must fill out the Non-Routine Litigation Form ([Form 20](#)). Once the form is completed with all the relevant information, the servicer or law firm must click on the "Submit" button and an email will open with the "To" line automatically populated with the regional Fannie Mae in-house counsel that will serve as your point of contact on the matter. When submitting Form 20, please note that all items denoted with an asterisk mark (*) are required before the form can be submitted.

The servicer should contact its 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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