

## ***Servicing Guide* Announcement SVC-2015-06**

April 15, 2015

### **Miscellaneous Servicing Policy Changes**

Fannie Mae is amending its policies and requirements related to the following:

- Processing Additional Principal Payments for Delinquent Mortgage Loans
- Accepting Funds from Hardest-Hit Fund (HHF) Programs and Housing Finance Agencies (HFA)
- Processing a Partial Reinstatement During Foreclosure

#### ***Policy Change Effective Date***

The servicer is encouraged to implement the policy changes in this Announcement immediately, but must implement the changes by June 1, 2015.

#### ***Date of Servicing Guide Update***

These policy changes will be reflected in [C-1.2-01, Processing Additional Principal Payments](#); [D2-3.1-05, Interacting with Housing Finance Agencies and Hardest-Hit Fund Programs](#); and [E-3.2-08, Processing Reinstatements During Foreclosure](#) in the May 2015 monthly update of the *Servicing Guide*.

### **Processing Additional Principal Payments for Delinquent Mortgage Loans**

Fannie Mae is adding clarification related to processing additional principal payments for delinquent mortgage loans. In the case of a delinquent mortgage loan, any additional principal payments identified as such must first be applied toward curing the delinquency. If there are any remaining funds, the servicer must then apply them as an additional principal payment.

### **Accepting Funds from Hardest-Hit Fund Programs or Housing Finance Agencies**

Fannie Mae is updating its policies and requirements for accepting funds from hardest-hit fund programs or Housing Finance Agencies.

#### ***Programs to Assist an Unemployed Borrower***

The servicer must accept funds on behalf of a borrower from an unemployment assistance program either from an HFA or its third-party vendor, regardless of whether the mortgage loan is current or delinquent.

If the borrower is in a forbearance plan when he or she is accepted into the unemployment assistance program, the servicer must cancel the forbearance plan. If the borrower becomes eligible for additional assistance after the period of assistance provided by the HFA, the servicer must evaluate the borrower for a retention workout option in accordance with *Chapter D2-3, Fannie Mae's Home Retention and Liquidation Workout Options*.

### Programs to Assist with Reinstatement

The servicer must accept funds from an HFA-HHF reinstatement program that fully reinstates the borrower's mortgage loan.

If a borrower is in a mortgage loan modification Trial Period Plan, a repayment plan, or a forbearance plan when his or her mortgage loan is fully reinstated as a result of HFA-HHF reinstatement funds, the servicer must cancel the workout option. See [C-1.2-01, Processing Additional Principal Payments](#) for information related to processing additional principal payments for a delinquent mortgage loan.

If the borrower requests additional assistance after the mortgage loan has been fully reinstated, the servicer must evaluate the borrower for a retention workout option in accordance with *Chapter D2-3, Fannie Mae's Home Retention and Liquidation Workout Options*. If the borrower fails to qualify due to the IDI test (see [D2-1-02, Using Freddie Mac's Imminent Default Indicator](#) for more information on evaluating a borrower using IDI), the servicer must submit the case to HSSN for Fannie Mae to decision.

If the funds from the HFA-HHF reinstatement program do not fully reinstate the borrower's mortgage loan, then the servicer must attempt to contact the borrower and achieve QRPC in accordance with *Chapter D2-2, Requirements for Contacting a Borrower* and take the actions outlined in the following table, taking into account the partial reinstatement funds, to resolve the remaining delinquency.

If the servicer...	Then the servicer...	
achieves QRPC	must evaluate the borrower for a workout option in accordance with <i>Chapter D2-3, Fannie Mae's Home Retention and Liquidation Workout Options</i> .	
	<b>If the borrower...</b>	<b>Then the servicer...</b>
	would qualify for a workout option after the application of the partial reinstatement funds	must accept the funds and offer the borrower the workout option.  <i>NOTE: The servicer is authorized to decline acceptance of the funds if the borrower does not respond to the offer.</i>
would not qualify for a workout option after application of the partial reinstatement funds	is authorized to decline acceptance of the funds.	
does not achieve QRPC	is authorized to decline acceptance of the funds.	

### Programs to Assist with a Mortgage Loan Modification

The servicer must accept funds on behalf of a borrower from an HFA-HHF mortgage loan modification assistance program, regardless of whether the mortgage loan is current or delinquent.



## Accepting a Partial Reinstatement During Foreclosure

Fannie Mae is updating its policies and requirements for accepting a partial reinstatement during foreclosure. The servicer is authorized to accept a borrower's request for a partial reinstatement if the borrower would qualify for a workout option after application of the partial reinstatement funds. See *Chapter D2-3, Fannie Mae's Home Retention and Liquidation Workout Options* for additional information on available workout options.

\*\*\*\*\*

The servicer should contact its Servicing Consultant, Portfolio Manager, or Fannie Mae's Credit Portfolio Management's Servicer Support Center at 1-888-FANNIE5 (1-888-326-6435) with any questions regarding this Announcement.

Malloy Evans  
Vice President  
Credit Portfolio Management