

***Servicing Guide* Announcement SVC-2015-12**

September 09, 2015

***Servicing Guide* Updates**

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

- Updates to E-filing and TX Posting Costs
- Adjustments to Standard and Streamlined Modifications
- Increase to Mortgage Release Incentives
- Updates to the Application of Borrower HAMP Incentives
- Retirement of Form 181HFA
- Correction to Insured Loss Events Requirements
- Reminder of Payment Change Notification Requirements for Mortgage Loans Subject to Step Interest Rate Adjustments
- Miscellaneous Revision

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).

Updates to E-filing and TX Posting Costs

The *Servicing Guide* has been updated as follows:

- *Servicing Guide* [F-1-06, Expense Reimbursement](#) has been updated to reflect that Fannie Mae will reimburse the servicer for vendor costs associated with electronic filing or recording when the court or county recorder / Land Evidence records requires the law firm to use a particular vendor in order to electronically file or record necessary foreclosure related documents.
- The [Allowable Foreclosure Attorney Fees Exhibit](#) has been updated to reflect that Fannie Mae will no longer reimburse the servicer or its law firm for posting costs incurred in connection with a foreclosure of any mortgage loan secured by a property located in Texas.

Effective Date

The policy changes are effective for fees and costs incurred on or after September 1, 2015.

Adjustments to Standard and Streamlined Modifications

Fannie Mae is updating its policies and requirements for determining the borrower's new modified mortgage loan terms for a Fannie Mae Standard Modification, Fannie Mae Streamlined Modification, and Fannie Mae Streamlined Modification Post Disaster Forbearance. To increase the number of eligible borrowers, the servicer must use the post-modified MTMLTV ratio, including capitalized arrearages, rather than the pre-modified MTMLTV ratio to determine the terms of the mortgage loan modification.

Updated Servicing Guide Topics

- *Servicing Guide* [D2-3.2-08, Fannie Mae Streamlined Modification](#)
- *Servicing Guide* [D2-3.2-05, Fannie Mae Standard Modification](#)
- *Servicing Guide* [D2-3.2-09, Fannie Mae Streamlined Modification Post Disaster Forbearance](#)
- *Servicing Guide* [F-1-22, Processing a Fannie Mae Standard Modification](#)
- *Servicing Guide* [F-1-23, Processing a Fannie Mae Streamlined Modification Post Disaster Forbearance](#)
- *Servicing Guide* [F-1-24, Processing a Fannie Mae Streamlined Modification](#)

Effective Date

The servicer is encouraged to implement these policy changes immediately; but must implement the changes by March 1, 2016.

Increase to Mortgage Release Incentives

- *Servicing Guide* [D2-3.3-02, Fannie Mae Mortgage Release \(Deed-in-Lieu of Foreclosure\)](#) has been updated as follows:
 - The servicer is no longer required to submit a Mortgage Release case to Fannie Mae for decisioning prior to closing when the borrower qualifies for a borrower relocation incentive greater than \$3,000 in the eight jurisdictions identified in the *Servicing Guide*.
 - The servicer must not attempt to renegotiate the incentive payment to a lower amount.
- *Servicing Guide* [D2-3.3-01, Fannie Mae Short Sale](#) has been updated to instruct the servicer that it must not attempt to renegotiate the incentive payment to a lower amount.

Effective Date

The servicer is required to implement these policy changes immediately, but must implement the changes by November 1, 2015.

Updates to the Application of Borrower HAMP Incentives

Lender Letter LL-2015-01: Notification of Future Updates to Borrower "Pay for Performance" Incentives for a Fannie Mae HAMP Modification, which was incorporated into the *Servicing Guide* with Announcement SVC-2015-05: Servicing Guide Updates, stated the following:

- If the borrower “pay for performance” incentive is greater than or equal to the interest-bearing UPB, the servicer must apply the incentive to any principal forbearance amount and then to the interest-bearing UPB.
- If the borrower “pay for performance” incentive is less than the interest-bearing UPB, the servicer must apply the incentive to the interest-bearing UPB.

The policy was subsequently changed in error with Announcement SVC-2015-10. Fannie Mae is updating its policies and requirements regarding the order in which the servicer must apply the HAMP borrower “pay for performance” incentive to be consistent with Lender Letter LL-2015-01 as outlined above.

Updated Servicing Guide Topics

- Servicing Guide [F-1-29, Processing a Workout Incentive Fee](#)
- Servicing Guide [D2-3.2-07, Fannie Mae HAMP Modification](#)
- Servicing Guide [C-1.2-01, Processing Additional Principal Payments](#)
- Servicing Guide [F-1-12, Processing Mortgage Loan Payments and Payoffs](#)
- Servicing Guide [D2-3.1-05, Interacting with Housing Finance Agencies and Hardest-Hit Fund Programs](#)

Effective Date

These policy changes are effective immediately.

Retirement of Form 181HFA

Fannie Mae has retired the Agreement for Modification of a Mortgage – Reamortization Only (HFA Modification Assistance) (Form 181HFA) and will now require the servicer to use the *Agreement for Modification, Re-Amortization, or Extension of a Mortgage* ([Form 181](#)).

Also, Servicing Guide [C-1.2-01, Processing Additional Principal Payments](#) has been updated to indicate that the servicer must only revise the *Agreement for Modification, Re-Amortization, or Extension of a Mortgage* ([Form 181](#)) as authorized in [Agreement for Modification, Re-Amortization, or Extension of a Mortgage \(Form 181\) Instructions](#).

Effective Date

These policy changes are effective immediately.

Correction to Insured Loss Events Requirements

Servicing Guide [B-5-01, Insured Loss Events](#) has been updated to correct the requirement that, for a mortgage loan 31 days or more delinquent, the servicer is authorized to make an initial disbursement of 25% of the insurance loss proceeds, not to exceed \$10,000, as indicated in Announcement SVC-2014-19.

Effective Date

This correction to policy is effective immediately.

Reminder of Payment Change Notification Requirements for Mortgage Loans Subject to Step Interest Rate Adjustments

Fannie Mae is reminding the servicer of the requirements related to notifications for all mortgage loans with step interest rate adjustments (including HAMP modifications) as stated in *Servicing Guide C-1.1-01, Servicer Responsibilities for Processing Mortgage Loan Payments*.

The servicer must send a notification for any mortgage loan with a step interest rate adjustment in compliance with the timing requirements provided in the following table in *Servicing Guide C-1.1-01, Servicer Responsibilities for Processing Mortgage Loan Payments*.

Type of Interest Rate Adjustment	Days Prior to Change	At a minimum, the servicer must send...
Mortgage Loan Modification Initial Step Interest Rate Adjustment	150 to 90	the first written notification detailing the pending change.
	75 to 60	the second written notification detailing the pending change.
Mortgage Loan Modification Subsequent Year Step Interest Rate Adjustments	120 to 60	notification detailing the pending change.

Miscellaneous Revision

The *Servicing Guide* has been revised to incorporate an extension to the date by which the servicer must receive an executed *Real Estate Fraud Certification (Form 720)* or U.S. Treasury Department’s “Dodd Frank Certification” as previously communicated in *Servicing Guide* Announcement SVC-2015-11.

Updated Servicing Guide Topics

- *Servicing Guide D2-3.2-07, Fannie Mae HAMP Modification*
- *Servicing Guide F-2-03, Incentive Fees for 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.

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