

## ***Servicing Guide* Announcement SVC-2015-15**

December 16, 2015

### ***Servicing Guide* Updates**

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

- Updates to the Servicing Defect Remedies Framework
- Updates to Borrower Outreach Requirements
- Updates to Requirements Related to Execution and Retention of Loan Modification Agreements
- Updates to SCRA – Notification and Calculating Payment Requirements
- Extension of Increased Borrower Incentives for Mortgage Release™
- Clarifications Related to Property Inspections for Mortgage Release
- Updates to the Forbearance Extension Request Template
- Updates to Filing Proofs of Claim – Form 410A
- Reminder of the Servicer's Obligation to Escalate All Non-Routine Litigation
- Miscellaneous Revisions

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 the Servicing Defect Remedies Framework**

Fannie Mae, jointly with Freddie Mac, and at the direction of the Federal Housing Finance Agency (FHFA), is announcing the servicing defect remedies framework, which expands upon provisions contained in the representations and warranties framework introduced in 2012 and incorporated in the *Servicing Guide*.

The servicing remedies framework provides clarity on the process followed in categorizing loan-level servicing defects, servicer corrections of such defects, and available remedies. In addition, it provides more transparency regarding Fannie Mae's discretion on loan-level decisions based on applicable servicing violations. The servicing defect remedies framework does not affect any selling duties, responsibilities, or obligations.

In adopting and clarifying the servicing defect remedies framework, the servicer remains responsible for servicing mortgage loans in accordance with the terms of the Lender Contract.

## Updated Servicing Guide Topics

Servicing Guide [A1-3-02, Fannie Mae-Initiated Repurchases, Indemnifications, Make Whole Payment Requests and Deferred Payment Obligations](#) has been updated to include

- the terms and definitions that relate to the servicing defect remedies framework, and
- the process for notifying servicers of servicing violations and related servicing defects and exercising remedies for uncorrected servicing defects.

Other *Servicing Guide* topics that have been updated to reflect the addition of the servicing defect remedies framework include:

- Servicing Guide [A1-3-03, Repurchase Obligations Related to Bifurcated Mortgage Loans](#)
- Servicing Guide [A1-4.1-02, Fannie Mae's Remedies](#)
- Servicing Guide [A2-4-01, Quality Control Reviews](#)
- Servicing Guide [E-3.2-13, Addressing Title Defects Generally](#)
- Servicing Guide [E-3.2-14, Addressing Title Defects for Bifurcated Mortgage Loans](#)
- Servicing Guide [F-3-19, Glossary of Fannie Mae Terms](#)
- Servicing Guide [F-4-03, List of Contacts](#)

## Effective Date

The servicer must implement these policy changes by January 1, 2016.

## Updates to Borrower Outreach Requirements

The *Servicing Guide* has been updated to reflect flexibility in how and when the servicer will be required to contact a delinquent borrower. The following changes have been made to the *Servicing Guide*:

- The servicer is no longer required to follow a variety of rule-based outbound outreach requirements, but is now authorized to follow one set of requirements for all delinquent borrowers.
- The servicer must perform outbound contact attempts no later than the 36<sup>th</sup> day of delinquency. In addition, the servicer is authorized to continue outbound contact attempts beyond the 211<sup>th</sup> day of delinquency.
- Fannie Mae is introducing a new *Borrower Solicitation Letter* ([Form 745](#)), which replaces Form 731 and Form 761. The servicer must send [Form 745](#) no later than the 45<sup>th</sup> day of delinquency and is authorized to send the *Uniform Borrower Assistance Form* ([Form 710](#)), *HAMP Government Monitoring Data Form* ([Form 710A](#)), and the *IRS Short Form Request for Individual Tax Return Transcripts* ([IRS Form 4506T-EZ](#)) once QRPC is achieved.
- Law firms are no longer required to solicit borrowers after foreclosure referral.
- The servicer is authorized to use alternative outreach methods to contact the borrower as permitted by applicable law, including but not limited to email, texting, and VRU technology.
- The servicer is authorized to send and receive electronic documents associated with the Borrower Solicitation Package and BRP, in accordance with applicable law.
- Requirements for obtaining QRPC have been modified.

## Updated Servicing Guide Topics

- Servicing Guide [A2-5.2-01, Storage of Individual Mortgage Loan Files and Records](#)
- Servicing Guide [A2-5.2-02, Seller/Servicer's or Document Custodian's Electronic Transaction with Third Parties](#)
- Servicing Guide [A4-2.1-04, Establishing Contact with the Borrower](#)
- Servicing Guide [D2-2-01, Achieving Quality Right Party Contact with a Borrower](#)
- Servicing Guide [D2-2-02, Outbound Contact Attempt Requirements](#)
- Servicing Guide [D2-2-04, Sending a Borrower a Solicitation Package for a Workout Option](#)
- Servicing Guide [D2-2-05, Receiving a Borrower Response Package](#)
- Servicing Guide [D2-2-10, Additional Borrower Contact Attempt Requirements for the Servicing of a Second Lien Mortgage Loan](#)
- Servicing Guide [E-3.2-06, Conducting Borrower Outreach During Foreclosure](#)
- Servicing Guide [F-1-06, Expense Reimbursement](#)

## Effective Date

The servicer is encouraged to implement these policy changes immediately, but must implement these changes no later than June 1, 2016.

## Updates to Requirements Related to Execution and Retention of Loan Modification Agreements

The *Servicing Guide* currently requires the servicer to send any document that modifies the terms of the mortgage loan to the document custodian. The *Servicing Guide* has been updated, where applicable, to require the servicer to send the Loan Modification Agreement to the document custodian within a specified time frame as outlined in the following table.

If the Loan Modification Agreement...	Then the servicer must...
is required to be recorded	<ul style="list-style-type: none"><li>• send a certified copy of the fully executed Loan Modification Agreement to the document custodian within 25 days of receipt from the borrower, and</li><li>• send the original Loan Modification Agreement that is returned from the recorder's office to the document custodian within five business days of receipt.</li></ul>
is not required to be recorded	send the fully executed original Loan Modification Agreement to the document custodian within 25 days of receipt from the borrower.

### **Updated Servicing Guide Topics**

- Servicing Guide [F-1-17, Processing a Fannie Mae Cap and Extend Modification for Disaster Relief](#)
- Servicing Guide [F-1-18, Processing a Fannie Mae HAMP Modification](#)
- Servicing Guide [F-1-20, Processing a Fannie Mae MyCity Modification](#)
- 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](#)
- Servicing Guide [D2-3.2-12, Fannie Mae 2MP Modification](#)

### **Effective Date**

The servicer is encouraged to implement this policy change immediately, but must implement the change by February 1, 2016.

## **Updates to SCRA – Notification and Calculating Payment Requirements**

Servicing Guide [D2-3.4-01, Military Indulgence](#) has been updated to authorize the servicer to

- identify servicemembers who may be eligible for Fannie Mae's military indulgence by using the Defense Manpower Data Center's SCRA website database, and
- proactively inform active duty servicemembers of Fannie Mae's military indulgence policies.

Servicing Guide [F-1-30, Processing Military Indulgence](#) has been updated to require the servicer to

- report MBS mortgage loans via a file upload using the SCRAMS file transmit link on the Fannie Mae investor reporting system,
- return the servicemember's monthly P&I amount to the payment he or she had before the interest rate reduction in lieu of re-amortizing the mortgage loan, and
- adjust the servicemember's monthly P&I installment to reflect the contractual interest rate after the servicemember is no longer on active duty for the period of time consistent with applicable law.

### **Effective Date**

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

## **Extension of Increased Borrower Incentives for Mortgage Release**

Servicing Guide [D2-3.3-02 Fannie Mae Mortgage Release \(Deed-in-Lieu of Foreclosure\)](#) has been updated. Fannie Mae is eliminating the date (December 1, 2015) by which a mortgage loan must be evaluated to be eligible for the increased Mortgage Release borrower incentive. The increased incentive will continue for all mortgage loans secured by a property in the jurisdictions identified in *Servicing Guide* D2-3.3-02; more specifically, Connecticut, Illinois, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and the District of Columbia.

### **Effective Date**

The servicer must implement this policy change immediately.

## **Clarifications Related to Property Inspections for Mortgage Release**

*Servicing Guide* [D2-3.3-02, Fannie Mae Mortgage Release \(Deed-in-Lieu of Foreclosure\)](#) has been updated to clarify that the servicer must conduct the final interior property inspection for a Mortgage Release no more than two business days following the receipt of the executed deed and all related documents, but that the servicer's receipt of the final property inspection report is not required within the two-day time frame. The servicer must receive the final property inspection report prior to the servicer's final acceptance of the executed Mortgage Release.

The *Servicing Guide* has also been updated to clarify that the servicer must

- report its final acceptance of a Mortgage Release to Fannie Mae through HSSN once the servicer has received all required documentation, including the final interior property inspection report, if applicable; and
- submit the REOgram with the HSSN closing date as the foreclosure sale date.

### **Updated Servicing Guide Topics**

- *Servicing Guide* [D2-4-02, Reporting a Workout Option to Fannie Mae](#)
- *Servicing Guide* [E-4.1-01, Notifying Fannie Mae of an Acquired Property](#)
- *Servicing Guide* [F-1-33, Reporting a Workout Option via HomeSaver Solutions Network](#)

### **Effective Date**

The servicer must implement these policy changes immediately.

## **Updates to the Forbearance Extension Request Template**

The [Forbearance Extension Request Template](#) has been updated to

- remove fields the servicer is not required to provide on forbearance extension requests, and
- change the email address to which the servicer must submit the [Forbearance Extension Request Template](#) to [loss\\_mitigation@fanniemae.com](mailto:loss_mitigation@fanniemae.com), with "Forbearance" in the subject line.

### **Updated Servicing Guide Topics**

- *Servicing Guide* [F-1-25, Processing a Forbearance Plan](#)
- *Servicing Guide* [F-4-03, List of Contacts](#)

### **Effective Date**

The servicer is encouraged to implement this policy change immediately, but must implement the change by February 1, 2016.

## Updates to Filing Proofs of Claim – Form 410A

The [Allowable Bankruptcy Attorney Fees Exhibit](#) has been updated to include a \$250 fee for preparing the Loan Payment History (Official Form 410A) when required for a proof of claim filed on or after December 1, 2015.

### **Effective Date**

The servicer is authorized to request reimbursement for the \$250 fee for proofs of claim filed on or after December 1, 2015.

## Reminder of the Servicer's Obligation to Escalate All Non-Routine Litigation

Fannie Mae reminds the servicer to escalate via submission of the *Non-Routine Litigation Form* (Form 20) as specified and illustrated in *Servicing Guide E-1.3-01, General Servicer Responsibilities for Non-Routine Matters* all non-routine litigation involving actions that challenge the validity, priority, or enforceability of a Fannie Mae mortgage loan or that seek to impair Fannie Mae's interest in an acquired property or that present an issue that may pose a significant legal or reputational risk to Fannie Mae, including any appeals of non-routine litigation regardless of whether Fannie Mae is a named party in the appeal. Fannie Mae also reminds the servicer to periodically update Fannie Mae on the progress of non-routine litigation as necessary and appropriate. Fannie Mae reserves the right to direct and control all litigation involving a Fannie Mae mortgage loan.

Additionally, *Servicing Guide E-1.3-02, Reporting Non-Routine Litigation to Fannie Mae* specifies the servicer must report non-routine litigation to Fannie Mae within two business days of the servicer receiving notice of the litigation.

## Miscellaneous Revision

*Servicing Guide E-4.5-06, Filing MI Claims for VA Mortgage Loans* has been updated to remove the requirement for the servicer to provide a list of its officers who are authorized to execute VA Guaranty claims for Fannie Mae to the local VA office. This is no longer a VA requirement.

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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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