

## ***Servicing Guide* Announcement SVC-2016-04**

May 11, 2016

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

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

- Certain Default-Related Expenses
- Law Firm Matter Transfers
- Servicing Requirements for Nevada and Illinois Acquired Properties
- Borrower Outreach Requirements
- 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).

#### **Certain Default-Related Expenses**

The *Servicing Guide* has been updated to include:

- new proration requirements for allowable foreclosure attorney fees, and
- a new \$75 reimbursement limit per foreclosure referral to post the notice of foreclosure sale in the State of California.

Fannie Mae currently requires the servicer and law firm to reasonably prorate allowable foreclosure attorney fees to the services actually provided in the event a foreclosure is interrupted or not completed. To provide consistency, *Servicing Guide* [E-5-05, Prorated Attorney Fees / Reimbursement of Uncollected Fees and Costs](#) has been updated to include new proration requirements for allowable foreclosure fees for Fannie Mae mortgage loans.

Fannie Mae currently reimburses the servicer for the cost to post the notice of foreclosure sale at the designated location(s) in California as required by law. With this Announcement, Fannie Mae is updating *Servicing Guide* [E-5-07, Other Reimbursable Expenses](#) and *Servicing Guide* [F-1-06, Expense Reimbursement](#) to reflect a \$75 maximum allowable reimbursement limit for posting the notice of foreclosure sale at the property and designated public location as required by applicable law in California.

#### ***Effective Date***

The servicer is encouraged to implement the new prorated foreclosure attorney fee requirements immediately for any currently active foreclosure matter and new referral prior to September 1, 2016; but must implement the change for all matters referred to counsel for initiation of foreclosure on or after September 1, 2016.

The maximum allowable reimbursement limit for California posting costs will apply to all foreclosure referrals on or after July 1, 2016.

## Law Firm Matter Transfers

*Servicing Guide* [A4-2.2-04, Law Firm Suspensions, Matter Transfers, and Terminations](#) has been updated to reduce the reporting requirements to Fannie Mae for law firm matter transfers. Fannie Mae will only require the servicer to notify Fannie Mae of law firm matter transfers when an aggregate of 30 or more mortgage loans are transferred from one law firm (in the same state) to another within a 6-month time frame.

### **Effective Date**

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

## Servicing Requirements for Nevada and Illinois Acquired Properties

*Servicing Guide* [E-4.3-01, Managing the Property Post-Foreclosure Sale](#), has been updated to remove the requirement that the servicer pay all future bills for HOA or co-op corporation assessments or fees for acquired properties located in the States of Nevada and Illinois with a foreclosure sale date on or after July 1, 2016 unless otherwise notified by Fannie Mae.

Reverse mortgage loans are not included in this change.

### **Effective Date**

The servicer must implement this policy change for a property securing a mortgage loan liquidated through foreclosure in the States of Nevada and Illinois on or after July 1, 2016.

## Borrower Outreach Requirements

*Servicing Guide* [E-3.4-01, Suspending Foreclosure Proceedings for Workout Negotiations](#) has been updated to remove the reference to the *Post Foreclosure to Referral Solicitation Letter* and use foreclosure referral as the consistent point in time for determining when foreclosure proceedings must be suspended.

### **Effective Date**

The servicer is encouraged to implement this policy change as soon as possible, but must implement the change by June 1, 2016.

## Miscellaneous Revisions

- The *Servicing Guide* has been updated to more clearly and consistently define “indemnification for losses” and “Fannie Mae losses” in the context of indemnification.

### **Updated Servicing Guide Topics**

- *Servicing Guide* [A1-1-03, Nature of the Contractual Relationship](#)
- *Servicing Guide* [A1-3-02, Fannie Mae-Initiated Repurchases, Indemnifications, Make Whole Payment Requests and Deferred Payment Obligations](#)
- *Servicing Guide* [A1-4.1-02, Fannie Mae’s Remedies](#)
- *Servicing Guide* [A1-4.2-01, Compensatory Fees Other Than Delays in the Liquidation Process](#)
- *Servicing Guide* [A2-7-01, Concurrent Servicing Transfers](#)
- *Servicing Guide* [A2-7-03, Post-Delivery Servicing Transfers](#)

- *Servicing Guide* [E-4.5-01, Filing MI Claims for Conventional Mortgage Loans or for Other Mortgage Loans for which Fannie Mae Bears the Risk of Loss](#)
- *Servicing Guide* [F-3-06, Glossary of Fannie Mae Terms: F](#)
  
- *Servicing Guide* [F-2-07, Mortgage Insurer Delegations for Workout Options](#) has been updated as follows:
  - Removed PMI from three workout options because PMI provides delegation of authority directly to the servicer for workout options other than where PMI is specifically listed.
  - Added MassHousing to Fannie Mae Streamlined Modification, Fannie Mae Streamlined Modification Post Disaster Forbearance, Fannie Mae Cap and Extend Modification for Disaster Relief, Fannie Mae MyCity Modification, Fannie Mae Short Sale, and Fannie Mae Mortgage Release (Deed-in-Lieu of Foreclosure).
  - Added MGIC, United Guaranty, and Genworth to Fannie Mae Streamlined Modification Post Disaster Forbearance and Fannie Mae Cap and Extend Modification for Disaster Relief.

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The servicer should contact its Servicing Consultant, Portfolio Manager, or Fannie Mae's Single-Family Servicing, Servicer Support Center at 1-800-2FANNIE (1-800-232-6643) with any questions regarding this Announcement.

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