



## ***Servicing Guide Announcement SVC-2016-10***

**November 9, 2016**

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

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

- Deadlines to Submit Requests for Expense Reimbursement
- Defined Expense Limits
  - California Posting Costs
  - Minnesota Proceeding Subsequent Foreclosure Attorney Fee
  - New Property Preservation Expense Limits
- Servicing Transfers \*
- Clarifications Related to Mortgage Loan Modifications \*
- Miscellaneous Revision

\* Policy change not applicable to reverse mortgage loans.

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).

#### **Deadlines to Submit Requests for Expense Reimbursement**

*Servicing Guide* [E-5-01, Requesting Reimbursement for Expenses](#) has been updated to

- Update the final deadline for requests for expense reimbursement from 30 to 60 days after the applicable milestone;
- Allow servicers to request expense reimbursement as soon as possible after incurring an expense;
- Add mortgage loan reinstatements and payoffs as a milestone for reimbursement requests;
- Clarify milestones at which the final reimbursement request deadline applies for each mortgage loan type and align milestones to current practice; and
- Remind servicers that Fannie Mae will deny any late filed claims.

#### **Effective Date**

The servicer is encouraged to implement these policy changes immediately; but must implement these changes no later than February 1, 2017.

#### **California Posting Costs**

*Servicing Guide* [F-1-06, Expense Reimbursement](#) has been updated to reflect a change to the maximum amount Fannie Mae will reimburse for posting the notice of foreclosure sale in California. On May 11, 2016, Fannie Mae issued Servicing Announcement SVC-2016-04, which in part established a \$75 maximum reimbursable limit. Based on new market feedback, Fannie Mae is updating its guidance to allow a \$125 maximum posting cost per foreclosure referral for rural counties in California.



For the following five counties, the maximum allowable cost remains at \$75 per referral:

- Los Angeles
- Orange
- Riverside
- San Diego
- San Bernardino

### **Effective Date**

This policy change is effective for all foreclosure referrals on or after July 1, 2016, which is the original policy effective date from Announcement SVC-2016-04.

## **Minnesota Proceeding Subsequent Foreclosure Attorney Fee**

In response to industry feedback, the [Allowable Foreclosure Attorney Fees Exhibit](#) has been updated to reflect a change to the maximum allowable foreclosure attorney fee for Fannie Mae mortgage loans secured by properties located in Minnesota which require a “proceeding subsequent” action involving registered land.

### **Effective Date**

This policy change is effective for any applicable Minnesota property with a foreclosure sale date on or after February 1, 2017.

## **New Property Preservation Expense Limits**

Servicers have expressed concern in the time required to obtain pre-approval from Fannie Mae for some property preservation expenses. To better serve our customers and communities, *Servicing Guide* [F-1-06, Expense Reimbursement](#) has been updated to include some additional property preservation repair descriptions and expense limits. New defined expense limits include:

- clearboarding;
- exterior door/door jamb replacement;
- graffiti removal;
- pool cover replacement;
- repair/replacement of a fence, gate, or lanai (when there is no pool); and
- repair/replacement of steps.

Note: *The new property preservation expense limits are also applicable to HomeKeeper mortgage loans.*

### **Effective Date**

The new property preservation expense limits are effective immediately.



## Servicing Transfer Requirements

To allow for increased flexibility, greater efficiency, and to better align the requirements of custodial documents for portfolio mortgage loans included in a servicing transfer to those of MBS mortgage loans, the *Servicing Guide* has been updated to remove the requirement that the transferee servicer must use Fannie Mae's designated document custodian (DDC) for portfolio mortgage loans included in a servicing transfer. The transferee servicer is now authorized to elect to keep the custodial documents for such mortgage loans included in a servicing transfer at any Fannie Mae-approved document custodian with which the transferee servicer has a custodial agreement on file with Fannie Mae.

Additionally, the *Request for Approval of Servicing or Subservicing Transfer* ([Form 629](#)) has been updated to include fields for the

- transferee servicer's seriously delinquent (SDQ) mortgage loan volume for non-Fannie Mae mortgage loans,
- volume of the transferee servicer's non-Fannie Mae mortgage loans transferring in the next three months,
- previous subservicer name, and
- previous subservicer number.

## Updated *Servicing Guide* Topics

- *Servicing Guide* [A2-6-05, Transfer of Custodial Documents to a Different Document Custodian](#)
- *Servicing Guide* [A2-7-03, Post-Delivery Servicing Transfer](#)

## Effective Date

These policy changes are effective immediately.

## Clarifications Related to Mortgage Loan Modifications

The *Servicing Guide* has been updated to require that the servicer evaluating a step-rate or ARM loan for a Fannie Mae Standard, Streamlined, or Streamlined for Disaster Modification must determine the interest rate based on whether the mortgage loan has or has not already reached its final interest rate adjustment. For a mortgage loan that has previously reached its final interest rate adjustment, the servicer must set the modified interest rate as they would for a fixed rate mortgage loan.

In addition, the *Servicing Guide* has been updated to clarify that the servicer must evaluate the borrower for a mortgage loan modification using the contractual interest rate in effect at the time of evaluation.

Lastly, the *Servicing Guide* has been updated to clarify that a Trial Period Plan for a mortgage loan that is current, or less than 31 days delinquent, must be four months long and a Trial Period Plan for a mortgage loan that is 31 days or more delinquent must be three months long. See the Attachment to this Announcement for a list of all updated topics.

## Effective Date

The servicer is encouraged to implement these policy changes immediately; but must implement these changes by February 1, 2017.

## Miscellaneous Revision

As a follow up to Servicing Announcement SVC-2016-04, we are removing the footnote in the [Allowable Foreclosure Attorney Fees Exhibit](#) related to prorated fee limitations when a mortgage loan is reinstated in California. Please refer to *Servicing Guide* [E-5-05, Prorated Attorney Fees / Reimbursement of Uncollected Fees, Costs or Advances](#) for current requirements for prorating allowable foreclosure attorney fees.



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Please contact your 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.

Malloy Evans  
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## Attachment

| <b>Project</b>  | <b>Updated <i>Servicing Guide</i> Topics</b>   |
|---|--|
| Clarifications Related to Mortgage Loan Modifications | <ul style="list-style-type: none"><li>▪ <a href="#">D2-3.2-05, Fannie Mae Standard Modification</a></li><li>▪ <a href="#">D2-3.2-07, Fannie Mae HAMP Modification</a></li><li>▪ <a href="#">D2-3.2-11, Fannie Mae MyCity Modification</a></li><li>▪ <a href="#">D2-3.2-12, Fannie Mae 2MP Modification</a></li><li>▪ <a href="#">F-1-17, Processing a Fannie Mae Cap and Extend Modification for Disaster Relief</a></li><li>▪ <a href="#">F-1-18, Processing a Fannie Mae HAMP Modification</a></li><li>▪ <a href="#">F-1-20, Processing a Fannie Mae MyCity Modification</a></li><li>▪ <a href="#">F-1-22, Processing a Fannie Mae Standard Modification</a></li><li>▪ <a href="#">F-1-23, Processing a Fannie Mae Streamlined Modification Post Disaster Forbearance</a></li><li>▪ <a href="#">F-1-24, Processing a Fannie Mae Streamlined Modification</a></li><li>▪ <a href="#">F-3-19, Glossary of Fannie Mae Terms: S</a></li><li>▪ <a href="#">F-3-20, Glossary of Fannie Mae Terms: T</a></li></ul> |