



Servicing Guide Announcement SVC-2017-08

September 13, 2017

Servicing Guide Updates

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

- Updates to Form 710, *Mortgage Assistance Application**
- Bankruptcy Fee Updates**
- Miscellaneous Revisions*

*Policy change not applicable to reverse mortgage loans.

** Policy change applies only to HomeKeeper loans and is not applicable to HECM mortgage loans.

Updates to Form 710, *Mortgage Assistance Application*

In alignment with Freddie Mac and at the direction of FHFA, we are updating [Form 710](#) (formerly the *Uniform Borrower Assistance Form*) and renaming it the *Mortgage Assistance Application*. The redesigned [Form 710](#) is intended to simplify the workout application process for both borrowers and servicers.

[Form 710](#) has been rewritten and reorganized to:

- eliminate requests for information that are not used to evaluate borrowers for a workout option;
- remove multiple forms of income and hardship documentation;
- simplify language by removing industry jargon and reducing the number of borrower certifications;
- add contact information for servicers, HUD, and CFPB should borrowers need assistance completing the form; and
- provide borrowers with information about obtaining language or translation assistance.

In addition, the *Servicing Guide* has been updated to support the new [Form 710](#). These updates:

- provide guidance to verify adjusted gross income when income is documented by bank statements;
- indicate when an executed *IRS Short Form Request for Individual Tax Return Transcript* ([IRS Form 4506T-EZ](#)) or *IRS Request for Transcript of Tax Return* ([IRS Form 4506-T](#)) is required for a complete Borrower Response Package (BRP);
- allow servicers to use a borrower's credit report to determine the total monthly debt obligations; and
- remove the qualification for non-borrowers as a relative, spouse, domestic partner, or fiancé/fiancée.

As a result, the following *Servicing Guide* topics have been updated:

- [D2-2-04, Sending a Borrower a Solicitation Package for a Workout Option](#)
- [D2-2-05, Receiving a Borrower Response Package](#)
- [F-1-14, Preparing to Implement a Workout Option](#)
- [F-1-18, Processing a Fannie Mae Mortgage Release \(Deed-In-Lieu of Foreclosure\)](#)
- [F-1-19, Processing a Fannie Mae Short Sale](#)

Effective Date

Servicers are encouraged to implement these policy changes immediately, but must implement them by June 1, 2018.



Bankruptcy Fee Updates

The [Allowable Bankruptcy Attorney Fees Exhibit](#) was updated to change the maximum fee reimbursement for the following services:

- Reaffirmation Agreement
- Payment Change Notification
- Notice of Fees, Expenses, and Charges
- Post-Stipulation Default and Stay Termination
- Response to Final Cure Payment Notice

Additionally, the Exhibit identifies steps to take when out-of-pocket expenses total less than \$150 and are governed by Federal Rule of Bankruptcy Procedure 3002.1. With that change, we also removed the requirement that law firms seek excess fee approval for a Chapter 7 Motion for Relief filed more than 60 days after the bankruptcy filing date.

Lastly, the *Servicing Guide* has been updated to clarify proration requirements for allowable bankruptcy attorney fees. Servicers may charge borrowers only those bankruptcy fees and costs that are prorated to reasonably relate to the amount of work actually performed, and that are permitted under the terms of the note, security instrument, and applicable law.

As a result, the following *Servicing Guide* topics have been updated:

- [E-5-03, Allowable Bankruptcy Fees](#)
- [E-5-05, Prorated Attorney Fees / Reimbursement of Uncollected Fees, Costs or Advances](#)

Effective Date

This update is effective immediately and applies to all matters referred to counsel for bankruptcy services regardless of referral date, as long as the matter was still active as of August 16, 2017. Servicers are encouraged to implement the fee updates for impacted files immediately, but must do so no later than December 1, 2017. Servicers may exercise reasonable discretion in determining how to implement the fees, including working as needed with the law firm or an applicable invoicing technology provider.

Miscellaneous Revisions

Incorporation of Fannie Mae Flex Mod. In June 2016, [Announcement SVC-2016-05, Servicing Guide Updates](#), notified servicers of the termination of the Fannie Mae Home Affordable Modification Program (HAMP) and the Second Lien Modification Program (2MP). The Fannie Mae Flex Modification was introduced with [LL-2016-06](#) on December 14, 2016, replacing HAMP, Standard, Streamlined, and Disaster Streamlined modification programs with a future effective date of October 1, 2017. Fannie Mae Flex Modification has now been incorporated into the *Servicing Guide* and the following programs have been removed:

- Fannie Mae Standard Modification
- Fannie Mae Streamlined Modification
- Fannie Mae Streamlined Modification Post Disaster Forbearance
- Fannie Mae HAMP Modification
- Fannie Mae 2MP Modification

See the attachment for a list of all impacted *Servicing Guide* topics.



Effective Date

Servicers must begin evaluating eligible borrowers for the Fannie Mae Flex Modification no later than October 1, 2017.

Updates to Modification Forms. We have updated the instructions to loan modification agreements. These updates apply to mortgage loans that are registered with the Mortgage Electronic Registration Systems, Inc. (MERS®) where the security property is located in the state of Montana, Oregon, or Washington. The updated instructions address changes that servicers are authorized to make to add MERS-related provisions to the following loan modification agreements:

- *Loan Modification Agreement (Providing for Fixed Interest Rate)* ([Form 3179](#))
- *Loan Modification Agreement (Providing for Adjustable Interest Rate)* ([Form 3161](#))
- *Agreement for Modification, Re-Amortization, or Extension of a Mortgage* ([Form 181](#))

In addition, we have retired *Loan Modification Agreement (Providing for Step Interest Rate)* ([Form 3162](#)).

Effective Date

Servicers are encouraged to use the revised instructions to the loan modification agreements immediately, but must implement these changes within six months.

Correction of a typo. *Servicing Guide [D2-3.2-04, Repayment Plan](#)*, was corrected to align with Freddie Mac at the direction of FHFA and indicate that the requirements for determining the terms of a repayment plan based on the mortgage loan's delinquency status at the time of the evaluation is either i) less than or equal to 90 days delinquent or ii) greater than 90 days delinquent.

Contact your Customer Delivery Team, Portfolio Manager, or Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643) with any questions regarding this Announcement.

Carlos T. Perez
Senior Vice President and
Chief Credit Officer for Single-Family



Attachment

Section of the Announcement	Updated <i>Servicing Guide</i> Topics
Incorporation of Fannie Mae Flex Modification	<ul style="list-style-type: none"> ▪ D2-2-04, Sending a Borrower a Solicitation Package for a Workout Option ▪ D2-2-05, Receiving a Borrower Response Package ▪ D2-3.1-01, Determining the Appropriate Workout Option ▪ D2-3.1-05, Interacting with Housing Finance Agencies and Hardest Hit Fund Programs ▪ D2-3.2-07, Fannie Mae HAMP Modification ▪ D2-3.2-11, Fannie Mae 2MP Modification ▪ F-1-06, Expense Reimbursement ▪ F-1-14, Preparing to Implement a Workout Option ▪ F-1-16, Processing a Fannie Mae Cap and Extend Modification for Disaster Relief ▪ F-1-17, Processing a Fannie Mae HAMP Modification ▪ F-1-31, Reporting a Workout Option via Fannie Mae's Servicing Solutions System ▪ F-2-06, Mortgage Insurer Delegations for Workout Options ▪ F-2-11, Fannie Mae's Workout Hierarchy ▪ F-3-14, Glossary of Fannie Mae Terms: N
	<p>Deleted <i>Servicing Guide</i> Topics</p>
	<ul style="list-style-type: none"> ▪ A1-3-05, Repurchase of a Home Affordable Modification Program Mortgage Loan ▪ D2-3.2-05, Fannie Mae Standard Modification ▪ D2-3.2-08, Fannie Mae Streamlined Modification ▪ D2-3.2-09, Fannie Mae Streamlined Modification Post Disaster Forbearance ▪ F-1-15, Processing a Fannie Mae 2MP Modification ▪ F-1-20, Processing a Fannie Mae Standard Modification ▪ F-1-21, Processing a Fannie Mae Streamlined Modification Post Disaster Forbearance ▪ F-1-22, Processing a Fannie Mae Streamlined Modification
	<p>New <i>Servicing Guide</i> Topics</p>
<ul style="list-style-type: none"> ▪ D2-3.2-12, Fannie Mae Flex Modification ▪ F-1-36, Processing a Fannie Mae Flex Modification 	