

Servicing Guide Announcement (SVC-2021-07)

Oct. 13, 2021

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

- [Managing regular servicing option MBS mortgage loans](#)*: updates requirements for reclassification and repurchase of regular servicing option MBS mortgage loans
- [Request for approval of servicing or subservicing transfer](#): updates the link to [Form 629](#) to require electronic submission

View the list of [impacted topics](#).

*Policy changes not applicable to reverse mortgage loans.

Managing regular servicing option MBS mortgage loans

To ensure REO is never held in MBS Trust, in consideration of the Foreign Investment in Real Property Tax Act, we updated our reclassification and repurchase requirements for delinquent regular servicing option MBS mortgage loans. This includes those for which the servicer has the entire foreclosure loss risk and those for which both Fannie Mae and the servicer share the foreclosure loss risk, with the servicer having responsibility for marketing the acquired property. For such mortgage loans that the servicer has not already repurchased, we updated the *Guide* to:

- Add a requirement that the servicer must notify us for the purposes of reclassification when it becomes aware the borrower transferred title of the mortgaged property to the servicer or Fannie Mae, thereby effecting a Mortgage Release™ (deed-in-lieu of foreclosure).
- Remove from the 24-month reclassification rules the following exceptions:
 - mortgage loans secured by properties for which the servicer and the borrower are pursuing a short sale or Mortgage Release, and
 - mortgage loans for which the foreclosure process has begun.
- Add requirements related to reclassification and removal of a mortgage loan from the MBS pool to be held in our portfolio when it reaches six months of consecutive delinquency (subject to existing recourse and repurchase obligations).
- Provide that we will issue a repurchase demand to the servicer when the mortgage loan reaches 22 months of consecutive delinquency to facilitate timely repurchase no later than 24 months of delinquency. We clarified for all mortgage loan types the servicer is responsible for ensuring the mortgage loan is removed from the MBS pool before a foreclosure or Mortgage Release is completed.

We clarified requirements regarding foreclosure as follows:

- In all states, the servicer must request that Fannie Mae assign the mortgage so the foreclosure can be completed in the servicer's name when the servicer is responsible for marketing the property.
- The identity of the party responsible for marketing the property will determine in whose name the property must vest post-foreclosure.

Effective: Servicers are encouraged to implement these policy changes immediately, but must do so by Dec. 1, 2021.



Request for approval of servicing or subservicing transfer

We are automating the submission process for requesting servicing and subservicing transfers. With this update, servicers can now request servicing transfers by completing and submitting a *Request for Approval of Servicing or Subservicing Transfer* ([Form 629](#)) through a web-based application, replacing the email process for Form 629 in Excel format.

Effective: Servicers are encouraged to transition to the automated submission of requests for servicing and subservicing transfers as soon as possible, but must do so by Jan. 1, 2022.

See the *Servicing Guide* for details about these updates.

Servicers who have questions about this Announcement should contact their Fannie Mae Account Team, Portfolio Manager, or Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643).

Have *Guide* questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

Let your voice be heard! We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Announcement.



[Provide
feedback](#)





Impacted Topics

Section of the Announcement	Updated <i>Servicing Guide</i> Topics and Related Documents (Dated Oct. 13, 2021)
Managing regular servicing option MBS mortgage loans	<ul style="list-style-type: none">▪ A1-3-01, Requirements for Voluntary Repurchase▪ A1-3-02, Fannie Mae-Initiated Repurchases, Indemnifications, Make Whole Payment Requests and Deferred Payment Obligations▪ A1-3-06, Automatic Reclassification of MBS Mortgage Loans▪ D2-3.3-02, Fannie Mae Mortgage Release (Deed-in-Lieu of Foreclosure)▪ E-3.2-09, Conducting Foreclosure Proceedings▪ E-3.5-01, Foreclosure of a Property Securing an MBS Mortgage Loan▪ F-1-20 Remitting and Accounting to Fannie Mae▪ F-3-18, Acronyms and Glossary of Defined Terms: R
Request for approval of servicing or subservicing transfer	<ul style="list-style-type: none">▪ A2-1-06, Subservicing▪ A2-7-03, Post-Delivery Servicing Transfers▪ F-1-11, Post-Delivery Servicing Transfers▪ F-4-02, List of Contacts▪ Investor Reporting Manual<ul style="list-style-type: none">▪ 3-01, Reporting a Transaction Type 32 (Servicing Transfer Record)▪ Reverse Mortgage Loan Servicing Manual<ul style="list-style-type: none">▪ 2-07, Post-Delivery Transfers of Servicing