



Lender Letter (LL-2021-15)

Oct. 20, 2021

To: All Fannie Mae Single-Family Sellers and Servicers Unrecorded Assignments of Mortgage and New Limited Powers of Attorney

We are providing advance notice of upcoming changes to our requirement for unrecorded assignments of mortgage for loans not registered with Mortgage Electronic Registration System, Inc. (MERS). In lieu of loan-level assignments, we are requiring a one-time delivery of limited powers of attorney to us, which must be completed and delivered by March 1, 2022.

This Lender Letter contains the following topics:

- [Eliminating unrecorded assignments of mortgage for loans not registered in MERS](#)
- [Irrevocable powers of attorney](#)

Eliminating unrecorded assignments of mortgage for loans not registered in MERS

Currently, lenders must deliver to the document custodian an unrecorded assignment of mortgage from the servicer to Fannie Mae for each loan purchased by Fannie Mae that is not registered with MERS® (“unrecorded assignments”). Unrecorded assignments are also required in concurrent servicing and post-delivery servicing transfers. To reduce operational complexities related to unrecorded assignments in the loan certification, mortgage servicing, and servicing transfers processes, next year we will eliminate the requirement for unrecorded assignments. We will announce the effective date for this policy change in the near future. In the meantime, unrecorded assignments must continue to be provided in accordance with the requirements in the *Selling and Servicing Guides*.

Effective: The *Selling and Servicing Guides* will be updated early in 2022 to remove the requirement for unrecorded assignments, at which time we will communicate the effective date of the policy. (Note that we will continue to require unrecorded assignments for non-MERS loans until that date.)

Irrevocable powers of attorney

As part of this policy change, we are requiring each seller/servicer, whether or not they use MERS today, to complete and deliver five (5) original *Irrevocable Limited Power of Attorney (Form 520)* to Fannie Mae. [Form 520](#) is a new form and is available for download by sellers/servicers on our website. Refer to the [job aid](#), *Form 520 Step-by-Step Guide for Sellers/Servicers* that describes instructions for completion of the form. Sellers/servicers are encouraged to begin sending the completed forms to the address listed within the job aid. The completed powers of attorney must be submitted on or before the effective date specified below. Failure by a seller/servicer to properly complete and submit the forms by the effective date may result in suspension or termination of the rights to sell or service mortgage loans (as applicable) in accordance with the *Selling and Servicing Guides*.

A governmental seller/servicer that is a housing finance agency, as defined in 24 C.F.R. §266.5, may claim an exemption from the [Form 520](#) requirement. The housing finance agency has the option to submit a letter to its Fannie Mae Account Team confirming that it meets such regulatory definition. We will review and confirm or decline the exemption and notify the housing finance agency accordingly.



The [Form 520](#) power of attorney does not modify the duties and obligations of the parties under the lender contract. The power of attorney is a free-standing remedial instrument intended to preserve and protect our interest in loans serviced by the seller/servicer. In the event of exigent circumstances, we will use a power of attorney at our sole discretion. For example, we may use a Form 520 power of attorney to execute assignments if a seller/servicer discontinues its operations and fails to provide mortgage assignments to us as requested.

Effective: All [Form 520](#) powers of attorney must be properly completed and submitted to us on or before March 1, 2022.

Sellers and Servicers may also 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) if they have questions about this Lender Letter. 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 Lender Letter.

