



## Servicing Guide Announcement (SVC-2022-01)

Feb. 9, 2022

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

- [Fannie Mae Short Sale and Fannie Mae Mortgage Release™ \(Deed-in-Lieu of Foreclosure\) eligibility requirements\\*](#): revises criteria for evaluating a borrower to determine eligibility
- [HomeStyle® Renovation mortgage loans\\*](#): modifies the renovation completion time frames and the process for submitting extension and recourse removal requests
- [Allowable foreclosure attorney fees and Mortgage Release™ document preparation cost\\*\\*](#): updates allowable foreclosure attorney fees and Mortgage Release document preparation expense reimbursement limit
- [Automation of Servicer Selection Form \(Form 200\)](#): updates the link to [Form 200](#) to require electronic submission
- [Miscellaneous updates](#):
  - Incorporates the updated requirements for performing an escrow analysis as previously communicated
  - Clarifies seller/servicer reporting requirements related to anti-money laundering,
  - Reflects mortgage insurer Genworth Mortgage Insurance Corporation's name change to Enact Mortgage Insurance Corporation

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

\*Policy change not applicable to reverse mortgage loans.

\*\*Policy change applies only to Home Keeper® loans and is not applicable to HECM mortgage loans.

### Fannie Mae Short Sale and Fannie Mae Mortgage Release™ (Deed-in-Lieu of Foreclosure) eligibility requirements

We updated our short sale and Mortgage Release policies to streamline the documentation required to determine eligibility if the status of the mortgage loan at the time of evaluation is between 90 days and 18 months delinquent. Servicers will no longer be required to obtain a complete Borrower Response Package if the borrower received a forbearance plan as a result of a hardship where applicable law has special requirements related to credit bureau reporting (e.g., disaster event) and became 90 days or more delinquent prior to the evaluation for a short sale or Mortgage Release.

**Effective:** Servicers are encouraged to implement these policy changes immediately, but must do so by May 1, 2022.

### HomeStyle® Renovation mortgage loans

We updated the requirements for servicing HomeStyle Renovation mortgage loans as follows:

- Renovation work must be completed within 15 months from the date the mortgage loan is closed.
- Extensions beyond the 15-month time frame will only be permitted due to extenuating circumstances beyond the borrower's control.
- Extension and recourse removal requests must be submitted in Loan Quality Connect™. This submission process replaces the HomeStyle Renovation mailbox.

See *Selling Guide* Announcement [SEL-2022-01](#) for additional changes related to HomeStyle Renovation mortgage loans.



**Effective:** Servicers are encouraged to implement these process and policy changes immediately, but must comply with the new requirements and Loan Quality Connect process by May 1, 2022.

## **Allowable foreclosure attorney fees and Mortgage Release™ document preparation cost**

---

We updated the [Allowable Foreclosure Attorney Fees Exhibit](#) to:

- Increase the maximum allowable foreclosure attorney fees in all jurisdictions, and
- Remove the non-judicial foreclosure fee for Iowa.

**NOTE:** Any non-judicial foreclosures in Iowa will now require excess fee approval.

Additionally, we updated the *Servicing Guide* to increase the Mortgage Release document preparation cost to up to \$500 for a completed Mortgage Release.

### **Effective:**

These policy updates are effective as follows:

- The new allowable foreclosure fees apply to all matters referred to counsel for initiation of foreclosure proceedings, regardless of referral date, if the matter is still active as of Feb. 9, 2022. Servicers are encouraged to implement the new fees for the impacted states immediately, but must do so no later May 1, 2022.
- Excess fee request must be requested for a non-judicial foreclosure in Iowa for all matters referred to counsel for initiation of foreclosure on or after Feb. 9, 2022.

The new document preparation fee for a Mortgage Release applies to all Mortgage Release cases closed on and after Feb. 9, 2022.

## **Automation of Servicer Selection Form (Form 200)**

---

We automated the submission process for servicers to recommend law firms to us to perform default-related services. Servicers can now refer law firms who they wish to retain to perform default-related services by completing and submitting a Servicer Selection Form ([Form 200](#)) through a web-based application. This submission process replaces the email process for Form 200 in Excel format.

**Effective:** Servicers are encouraged to transition to the automated submission immediately, but must do so by Apr. 1, 2022.

## **Miscellaneous updates**

---

**Incorporation of requirements related to performing an escrow analysis\*.** We updated the *Servicing Guide* to incorporate the requirements related to performing an escrow analysis when determining eligibility for a disaster payment deferral and Fannie Mae Flex Modification as introduced in [LL-2021-07](#), COVID-19 Payment Deferral and Fannie Mae Flex Modification for COVID-10 Impacted Borrowers.

**Effective:** Servicers are encouraged to implement these policy changes immediately, but must do so by Mar. 1, 2022.

**Anti-money laundering provisions of the Bank Secrecy Act (BSA).** We clarified seller/servicer reporting requirements related to anti-money laundering. If subject to the anti-money laundering provisions of the BSA, the seller/servicer is required to report to us instances where the seller/servicer has been subject to penalties (civil or criminal) or enforcement actions for compliance failures or violations related to anti-money laundering regulatory requirements.

**Effective:** *Selling Guide* A3-2-01, Compliance with Laws was updated Feb. 2, 2022.



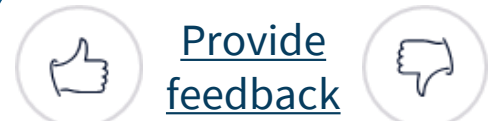
**Mortgage insurer name change.** In accordance with *Selling Guide* Announcement [SEL-2021-11](#), we are informing servicers that Genworth Mortgage Insurance Corporation updated its name to Enact Mortgage Insurance Corporation effective Feb.7, 2022. Enact remains an approved mortgage insurer, and the *Servicing Guide* has been updated with the name change.

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.





## Impacted Topics

Section of the Announcement	Updated <i>Servicing Guide</i> Topics and Related Documents (Dated Feb. 9, 2021)
<b>Fannie Mae Short Sale and Fannie Mae Mortgage Release™ (Deed-in-Lieu of Foreclosure) eligibility requirements</b>	<ul style="list-style-type: none"><li>▪ <a href="#">D2-3.3-01, Fannie Mae Short Sale</a></li><li>▪ <a href="#">D2-3.3-02, Fannie Mae Mortgage Release (Deed-in-Lieu of Foreclosure)</a></li></ul>
<b>HomeStyle® Renovation mortgage loans</b>	<ul style="list-style-type: none"><li>▪ <a href="#">D1-2-01, Renovation Mortgage Loans</a></li><li>▪ <a href="#">F-4-02, List of Contacts</a></li></ul>
<b>Allowable foreclosure attorney fees and Mortgage Release™ document preparation cost</b>	<ul style="list-style-type: none"><li>▪ <a href="#">F-1-05, Expense Reimbursement</a></li><li>▪ <a href="#">Allowable Foreclosure Attorney Fees Exhibit</a></li></ul>
<b>Automation of <i>Servicer Selection Form</i> (Form 200)</b>	<ul style="list-style-type: none"><li>▪ <a href="#">A4-2.2-01, Selecting and Retaining Law Firms</a></li><li>▪ <a href="#">F-2-04, Firm Minimum Requirements</a></li><li>▪ <a href="#">F-4-02, List of Contacts</a></li></ul>
<b>Incorporation of requirements related to performing an escrow analysis</b>	<ul style="list-style-type: none"><li>▪ <a href="#">B-1-01, Administering an Escrow Account and Payment Expenses</a></li><li>▪ <a href="#">D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower</a></li><li>▪ <a href="#">D2-3.2-06, Disaster Payment Deferral</a></li></ul>
<b>Anti-money laundering provisions of the Bank Secrecy Act</b>	<ul style="list-style-type: none"><li>▪ <a href="#">A2-1-08, Compliance with Requirements and Laws</a></li><li>▪ <a href="#">F-4-02, List of Contacts</a></li></ul>
<b>Mortgage insurer name change</b>	<ul style="list-style-type: none"><li>▪ <a href="#">F-2-06, Mortgage Insurer Delegations for Workout Options</a></li><li>▪ <a href="#">MI Claims Portal Participants Exhibit</a></li></ul>