

# Guaranty Fee After 4 Months Delinquency

## Frequently Asked Questions

Updated May 25, 2022

Document Change History		
Published Date	Modified Section	Description
May 25, 2022	New question #9 & answer	When will a loan exit out of Guaranty Fee Relief process?

**Q1. What is the Guaranty Fee Relief Process?**

Guaranty Fee Relief is a new Fannie Mae investor reporting process that restricts drafting of guaranty fee following four months of borrower delinquency.

**Q2. Is Guaranty Fee Relief applicable to all loans?**

Guaranty Fee Relief is applicable to all SWAP MBS mortgage loans where Fannie Mae or servicer bears the foreclosure loss risk (i.e., Foreclosure Loss Risk Code = 1, 2, 3 or 4).

**Q3. Is Guaranty Fee Relief applicable to Pooled from Portfolio (PFP) MBS or Long-term stand by (LTSC) mortgage loans?**

Guaranty Fee Relief is NOT applicable to all Scheduled/Scheduled PFP MBS mortgage loans or LTSC mortgage loans.

**Q4. Are there any changes to Guaranty Fee draft date?**

No, there are no changes to the Guaranty Fee draft date. The draft date will remain on the 7th Calendar Day of each month (or, if the 7th is a holiday or weekend, on the preceding business day). With this change, servicers will receive pre-draft notification on Business Day 3 for the guaranty fee draft on the 7th Calendar Day. Servicers must ensure their respective guaranty fee draft account is fully funded to prevent any draft returns.

**Q5. When will Guaranty Fee Relief process become effective?**

The Guaranty Fee Relief process will become effective with June 2022 Guaranty Fee remittance activity (based on May 2022 loan reporting activity)

**Q6. When will Fannie Mae put Guaranty Fee Relief flag on a loan?**

- a. For the transition month, Fannie Mae will evaluate all loans at May 2022 Cycle Close (BD2 of June 2022, 06/02/2022).
- b. After the transition month, Fannie Mae finalizes the Guaranty Fee Relief status on a loan after Cycle Close on BD2.

**Q7. How will Fannie Mae determine the months of delinquency for an eligible mortgage loan?**

Fannie Mae’s Investor Reporting System will use the Last Paid Installment (LPI) date reported on the latest accepted LAR to determine the months of delinquency for an eligible mortgage loan.

**Q8. Will Fannie Mae continue to draft Guaranty Fee for loans in Guaranty Fee Relief status?**

No, Fannie Mae will record a compensating credit adjustment (Loan Guaranty Fee Relief Credit) in its Investor Reporting System and adjust the servicer guaranty fee draft to zero for the activity period.



**Q9. When will a loan exit out of Guaranty Fee Relief process? (Updated 05/25/2022)**

If...	Fannie Mae will...	Expiration Date
<b>mortgage loan becomes current</b>	remove the Loan Guaranty Fee Draft Status, return a Loan Guaranty Fee Relief Expiration Date and resume drafting guaranty fee.	Last day of the prior loan activity period
<b>mortgage loan is paid off</b>	remove the Loan Guaranty Fee Draft Status, return a Loan Guaranty Fee Relief Expiration Date, and deactivate the loan. For payment deferrals, servicer advanced guaranty fee and servicing fees may be reimbursed at payoff/maturity if the loan balance is paid-in-full.	Last day of the prior loan activity period
<b>mortgage loan is repurchased</b>	remove the Loan Guaranty Fee Draft Status, return a Loan Guaranty Fee Relief Expiration Date, and deactivate the loan.	Last day of the prior loan activity period
<b>mortgage loan is liquidated (e.g., sold at foreclosure and transferred to REO)</b>	remove the Loan Guaranty Fee Draft Status, return a Loan Guaranty Fee Relief Expiration Date, and deactivate the loan.	Last day of the current loan activity period
<b>loan is removed from the SWAP MBS Trust (Reclassification)</b>	change remittance type of the reclassified loan from Scheduled/Scheduled (S/S) SWAP to Actual/Actual (A/A) and remove the Loan Guaranty Fee Draft Status, return a Loan Guaranty Fee Relief Expiration Date  Note: Guaranty fee not is not applicable to A/A remittance type mortgage loans	Last day of the current loan activity period
<b>payment deferral is executed, and loan is brought current</b>	remove the Loan Guaranty Fee Relief Status and resume drafting Guaranty Fee from Post Payment Deferral (PD) LPI activity period onwards. Note: Servicer advanced Guaranty fees may be reimbursed at payoff/maturity.	Last day of the post Payment Deferral (PD) LPI activity period -1 month.
<b>payment deferral is executed, and loan is less than or equal to 4 periods delinquent</b>	remove the Loan Guaranty Fee Relief Status and resume drafting Guaranty Fee from Post Payment Deferral (PD) LPI activity period onwards. (Note: Guaranty Fee Relief Activity Start Date is unchanged). Note: Servicer advanced Guaranty fees may be reimbursed at payoff/maturity.	Last day of the post Payment Deferral (PD) LPI activity period -1 month.
<b>payment deferral is executed, and loan is greater than 4 periods delinquent</b>	Loan is re-evaluated for Guaranty Fee Relief process and will receive credit based on the new Guaranty Fee Relief start date. Note: Servicer advanced Guaranty fees may be reimbursed at payoff/maturity.	N/A



**Q10. Where can Servicers view the loan level Guaranty Fee Relief status (Starting June 2022 for May 2022 activity)?**

- a. Remittance Detail Guaranty Fee (available via B2B and in Fannie Mae Connect) will be enhanced with eleven new fields to assist servicers with guaranty fee for loans under Guaranty Fee Relief.
- b. LSDU's S/S Cash Position Guaranty Fee Draft Amount Detail (available in LSDU as a download) will show each loan in Guaranty Fee Relief status and the Guaranty Fee draft amount.
- c. Guaranty Fee Adjustment report (available via B2B) and LSDU Cash Position Guaranty Fee Adjustment Details Download will show Guaranty Fee Adjustments related to Guaranty Fee Relief.
- d. Additionally, the Latest Loan Position tab in LSDU will show the Guaranty Fee Relief Status for an individual loan.
- e. **Please download the report specifications for a list of all fields for all impacted existing and new reports.**  
[Inbound Fannie Mae file specifications](#)  
[Outbound Fannie Mae file specifications](#)

**Q11. When will the pre-draft MBS Guaranty Fee Draft Notification become available starting June 2022 (May 2022 activity)?**

The pre-draft MBS Guaranty Fee Draft Notification will be available starting June BD3, 06/03/2022.

**Q12. Where can Servicers see the final draft amounts reflecting Guaranty Fee Relief Adjustments?**

- a. Remittance Detail Guaranty Fee report shows loan level draft amounts.
- b. MBS Guaranty Fee Draft Notifications report shows final summary draft amounts at the 9-digit seller/servicer ID level.
- c. LSDU Cash Position Summary shows final summary draft amounts at the 9-digit seller/servicer ID level.

**Q13. Will Fannie Mae settle-up loans that are greater than four months delinquent in June 2022 Guaranty Fee remittance activity (based on May 2022 loan reporting activity)?**

- a. No, Fannie Mae will not settle-up on these loans at implementation. The Loan Guaranty Fee Relief Credits will be issued on a go-forward basis at transition.
- b. The Guaranty Fee Relief Activity Start Date will be 5/1/2022 for these loans.
- c. Fannie Mae will provide a compensating credit for Guaranty Fees on loans with delinquency greater than four months.

**Q14. Will Fannie Mae evaluate and put a loan for Guaranty Fee Relief for a hard reject LAR or missing LAR?**

It depends. If a loan was in a Guaranty Fee Relief Process in the prior month, then the loan will continue to stay in a Guaranty Fee Relief Process even though the loan has an outstanding hard reject LAR or missing LAR at the close of a given Loan Reporting Activity period.

However, if a loan was not in a Guaranty Fee Relief Process in the prior month, then the loan will not enter a Guaranty Fee Relief Process when there is an outstanding hard reject LAR or missing LAR on the loan at the close of a given Loan Reporting Activity period.

**Q15. Where can servicers get more information about Customer Integration Testing?**

Please review the Customer Integration Test Plan here:

[Integration Test Plan https://singlefamily.fanniemae.com/media/document/pdf/master-servicing-integration-test-plan-guaranty-fee-relief-process](https://singlefamily.fanniemae.com/media/document/pdf/master-servicing-integration-test-plan-guaranty-fee-relief-process)

**Q16. When can servicers expect to receive Guaranty Fee reimbursements for the delinquent periods after Payment Deferral has been executed on the loan?**

Fannie Mae will reimburse any previously drafted Guaranty Fees for the delinquent periods that are part of the Payment Deferral deferred balance after a mortgage loan is paid in full or matures.

**Q17. Where can I find the glossary for the new attributes that were added for Guaranty Fee Relief?**

Glossary can be found in the [Process Requirements](#) documents for Guaranty Fee Relief after four month delinquency.

**Q18. What will happen when a full contractual payment is received from the borrower while the loan is in Guaranty Fee Relief process?**

As there is a movement in LPI and UPB indicating the receipt of full contractual payment from the borrower, Fannie Mae will draft the Guaranty Fee for that specific period.



**Q19. Are there any new reports being introduced with the Guaranty Fee Relief process?**

- a. LSDU Cash Position Guaranty Fee Draft Amount Details Download and Cash Position Guaranty Fee Adjustment Details.
- b. Guaranty Fee Adjustment report (available via B2B)

**Q20. Where can servicers find additional information on Guaranty Fee Relief process?**

[Process requirements document](#)

[Integration Test Plan for Guaranty Fee Relief Process](#)

[Test Scenarios Guaranty Fee Relief Process](#)

[Inbound Fannie Mae file specifications](#)

[Outbound Fannie Mae file specifications](#)

**Q21. Does Fannie Mae calculate and adjust the Guaranty Fee draft for Guaranty Fee Relief automatically?**

Yes, Fannie Mae calculates and adjusts the Guaranty Fee drafts for Guaranty Fee Relief automatically and provides the adjustment details to servicers via the LSDU Adjustment Details Download and the Guaranty Fee Adjustment report via B2B.

**Q22. What would be the impact of payment deferral cancellations on Guaranty Fee Relief?**

Generally, payment deferrals will exit the loan out of Guaranty Fee Relief and Fannie Mae would look to collect the Guaranty Fee credits (that are part of the deferred balance) when the loan pays off or matures. However, if that payment deferral is canceled, Fannie Mae will re-establish the Guaranty Fee credits (that are part of the deferred balance) as Loan Outstanding Guaranty Fee Receivable Amount.