

# Servicing Guide Announcement (SVC-2022-08)

Dec. 21, 2022

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

- [Property, flood, and project insurance updates](#): updates to ensure consistency with the updated and reorganized property, flood, and project insurance requirements in the *Selling Guide*
- [Compensatory fees for delinquency status reporting](#)\*: clarifies that compensatory fees pertaining to late or inaccurate mortgage loan reporting applies to reporting of delinquency loan status information
- [Allowable foreclosure attorney fees and costs](#)\*\* : updates to allowable foreclosure attorney fees and costs for posting and publication placement
- [Miscellaneous updates](#):
  - Updates the incentive payment to assist borrowers with relocation expenses
  - References the *Selling Guide* for updates to requirements for maintaining seller and servicer approval status

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.

## Property, flood, and project insurance updates

In accordance with *Selling Guide* Announcement [SEL-2022-10](#), servicers are advised that we updated *Selling Guide* Chapters B7-3, Property and Flood Insurance and B7-4, Liability and Fidelity/Crime Insurance Requirements for Project Developments to better align our insurance requirements with current industry standards, and to address common lender and servicer questions.

As insurance requirements applicable to both lenders and servicers are maintained in the *Selling Guide*, the *Servicing Guide* has been updated to ensure consistency with the updated and reorganized content in the *Selling Guide*. In the interest of consolidating and streamlining insurance requirements, we removed property insurance requirements for Home Keeper mortgage loans from the [Reverse Mortgage Loan Servicing Manual](#) and replaced them with a reference to the *Servicing Guide*.

**Effective:** Servicers are encouraged to implement these changes immediately, but must do so for all mortgage loans with insurance policies renewed or obtained on and after May 1, 2023.

## Compensatory fees for delinquency status reporting

We updated the *Servicing Guide* to clarify that compensatory fees may be assessed for late or inaccurate submissions of delinquency status information in addition to late or inaccurate submissions of Fannie Mae Investor Reporting system reports.

**Effective:** We may assess compensatory fees for late or inaccurate submissions of delinquency status information beginning with March 2023 reporting activities based on Feb. 2023 mortgage loan status and activity.

## Allowable foreclosure attorney fees and costs

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

- increase the maximum allowable foreclosure attorney fees in the majority of jurisdictions, and
- remove the judicial foreclosure fee for Oregon.

**NOTE:** Any judicial foreclosures in Oregon will now require excess fee approval.



Additionally, we removed the defined expense reimbursement limit for posting costs and publication placement costs from the *Servicing Guide*.

**Effective:** These 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 Jan. 1, 2023. Servicers are encouraged to implement the new fees for the impacted jurisdictions immediately, but must do so no later Apr. 1, 2023.
- Excess fee requests must be requested for a judicial foreclosure in Oregon for all matters referred to counsel for initiation of foreclosure on or after Jan. 1, 2023.

## Miscellaneous updates

**Relocation incentive payment\*\*.** In alignment with Freddie Mac, we increased the short sale and Mortgage Release™ relocation incentive payment to provide greater support to applicable borrowers.

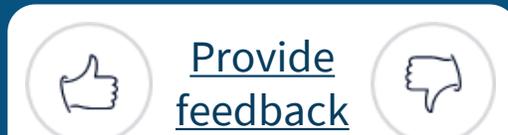
**Effective:** Servicers are encouraged to implement these changes immediately, but must do so by Apr. 1, 2023. Once implemented, servicers must evaluate borrowers for a short sale or Mortgage Release in accordance with this policy.

**Seller and servicer approval status.** We updated the *Servicing Guide* with requirements applicable to servicers related to maintaining seller and servicer approval status announced in *Selling Guide* Announcement [SEL-2022-10](#).

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 Dec. 21, 2022)
<b>Property, flood, and project insurance updates</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">B-2-01, Property Insurance Requirements Applicable to All Property Types</a></li> <li>▪ <a href="#">B-2-02, Property Insurance Requirements for One- to Four-Unit Properties</a></li> <li>▪ <a href="#">B-2-03, Master Property Insurance Requirements for Project Developments</a></li> <li>▪ <a href="#">B-2-04, Individual Property Insurance Requirements for Units in Project Developments</a> (New topic)</li> <li>▪ <a href="#">B-3-01, Flood Insurance Requirements Applicable to All Property Types</a></li> <li>▪ <a href="#">B-4-01, Additional Insurance Requirements</a></li> <li>▪ B-4-02, Credit Life or Mortgage Insurance Policies (Deleted topic)</li> <li>▪ <a href="#">B-7-01, General Liability Insurance Requirements for Project Developments</a></li> <li>▪ <a href="#">B-7-02, Fidelity/Crime Insurance Requirements for Project Developments</a></li> <li>▪ <a href="#">F-1-02: Escrow, Taxes, Assessments, and Insurance</a></li> <li>▪ <a href="#">Reverse Mortgage Loan Servicing Manual</a> <ul style="list-style-type: none"> <li>○ 2-03, Property Insurance Policy and Coverage Requirements</li> </ul> </li> </ul>
<b>Compensatory fees for delinquency status reporting</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">A1-4.2-01, Compensatory Fees Other Than Delays in the Liquidation Process</a></li> </ul>
<b>Allowable foreclosure attorney fees and costs</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">E-5-07, Other Reimbursable Default-Related Legal Expenses</a></li> <li>▪ <a href="#">F-1-05, Expense Reimbursement</a></li> <li>▪ <a href="#">Allowable Foreclosure Attorney Fees Exhibit</a></li> </ul>
<b>Relocation incentive payment</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>Seller and servicer approval status</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">A3-1-01, Maintaining Fannie Mae Seller/Servicer Status</a></li> </ul>