



## **Servicing Guide Announcement SVC-2018-06**

**September 18, 2018**

### **Servicing Guide Updates**

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

- Relieving Servicers of Additional Responsibilities for Paying Escrow-Related Expenses on Acquired Properties
- Delegating Texas Constitution Section 50(a)(6) for Fannie Mae Cap and Extend Modification for Disaster Relief\*
- Updates to Post-Delivery Servicing Transfer Requirements
- Updates to Evaluation Notices and Solicitation Letters\*
- New Mexico and Hawaii Allowable Foreclosure Attorney Fees\*\*
- Liability and Fidelity Insurance Updates and Guide Alignment\*
- Miscellaneous Revisions

\*Policy change not applicable to reverse mortgage loans.

\*\*Policy change applies only to HomeKeeper loans and is not applicable to Home Equity Conversion Mortgage (HECM) loans.

#### **Relieving Servicers of Additional Responsibilities for Paying Escrow-Related Expenses on Acquired Properties**

We continue to review our policies and identify opportunities to relieve servicers of post-foreclosure sale responsibilities, where possible. In 2017, we accepted responsibility to pay property taxes for acquired properties with a foreclosure sale date or final acceptance of an executed Mortgage Release occurring on or after August 1, 2017. We are now accepting responsibility to pay property taxes for all acquired properties in Fannie Mae's real estate owned (REO) inventory, including acquired properties with a foreclosure or Mortgage Release date that precedes this aforementioned effective date.

Additionally, to further reduce servicers' costs and operational risk, [E-4.3-01, Managing the Property Post-Foreclosure Sale](#) has been updated to remove the requirement for servicers to pay co-op fees and assessments or ground rents for certain acquired properties in Fannie Mae's REO inventory, except when directed by us.

#### **Effective Date**

We will assume responsibility for

- property taxes for all acquired properties effective October 1, 2018, without regard to the foreclosure sale or Mortgage Release date;
- ground rents for all acquired properties effective October 1, 2018, without regard to the foreclosure sale or Mortgage Release date; and
- co-op fees and assessments for all acquired properties with a foreclosure sale or Mortgage Release date occurring on or after October 1, 2018.

#### **Delegating Texas Constitution Section 50(a)(6) for Fannie Mae Cap and Extend Modification for Disaster Relief**

We are updating [D2-3.2-07, Fannie Mae Cap and Extend Modification for Disaster Relief](#) to remove the requirement that the servicer must obtain Fannie Mae's prior approval for a mortgage loan modification of a Texas Constitution Section 50(a)(6) loan.



A Texas Constitution Section 50(a)(6) loan will be eligible for a Fannie Mae Cap and Extend Modification for Disaster Relief if

- the eligibility parameters for a Fannie Mae Cap and Extend Modification for Disaster Relief are satisfied, and
- the mortgage loan is modified in accordance with applicable law.

### **Effective Date**

This policy change is effective immediately.

## **Updates to Post-Delivery Servicing Transfer Requirements**

In an effort to clarify our requirements related to post-delivery servicing transfers, [A2-7-03, Post-Delivery Servicing Transfers](#) and [F-1-11, Post-Delivery Servicing Transfers](#) have been updated to

- clarify specific responsibilities
  - for the transfer of servicing related to an eMortgage loan;
  - of the transferor and transferee servicer related to notifying the document custodian; and
  - of the master servicer and subservicer, as applicable, when preparing a mortgage loan assignment; and
- require that the transferee servicer contact its Fannie Mae Servicing Representative for further discussion and resolution in the event it cannot complete recertification of the transferred mortgage loans and cannot cure an exception to recertification within six months of the transfer date.

Some updates in this policy change may not be applicable to reverse mortgage loans. Servicers must continue to comply with servicing requirements in the *Guide* for reverse mortgage loans to the extent such requirements are not in conflict with the provisions contained in the *Reverse Mortgage Loan Servicing Manual*.

### **Effective Date**

These policy clarifications are effective immediately.

## **Updates to Evaluation Notices and Solicitation Letters**

In alignment with Freddie Mac and at the direction of the Federal Housing Finance Agency, we have updated several letters that servicers use to solicit the borrower or communicate a decision to the borrower in connection with a workout option. We have updated these letters and notices to simplify the language and overall form, as well as to align with our current workout options. Specifically, we have updated the following letters and notices:

- Borrower Solicitation Letter ([Form 745](#))
- [Flex Modification Solicitation Cover Letters](#)
- [Evaluation Notices](#)

We have also updated references to these letters and notices in the *Guide* as necessary to the extent that the titles were updated.

As a reminder, all communications with borrowers must comply with applicable law.

### **Updated Servicing Guide Topics**

- [D2-3.2-01, Forbearance Plan](#)
- [D2-3.2-07, Fannie Mae Cap and Extend Modification for Disaster Relief](#)
- [D2-3.2-09, Fannie Mae Flex Modification](#)



- [F-4-01, References to Fannie Mae's Website](#)

## Effective Date

Servicers are encouraged to begin using these letters immediately, but must implement these updates by January 1, 2019.

## New Mexico and Hawaii Allowable Foreclosure Attorney Fees

We are updating the [Allowable Foreclosure Attorney Fees Exhibit](#) to reflect a change to the maximum allowable foreclosure attorney fees for mortgage loans secured by properties in New Mexico and Hawaii.

## Effective Date

These new fees apply to all matters referred to counsel for initiation of foreclosure proceedings, regardless of referral date, as long as the matter is still active as of September 18, 2018. Servicers are encouraged to implement the new fees for the impacted files as soon as possible, but must do so no later than December 1, 2018. Servicers may exercise reasonable discretion in determining how to implement the fees, including working as needed with the law firm or an applicable invoicing technology provider.

## Liability and Fidelity Insurance Updates and Guide Alignment

Policies related to project fidelity and liability insurance have been consolidated from the *Servicing Guide* [B-7-01, Liability Insurance Requirements for Project Developments](#) and [B-7-02, Fidelity Insurance Requirements for Project Developments](#) into the *Selling Guide*. Servicers are directed to *Selling Guide* B7-4-01, Liability Insurance Requirements for Project Developments, and B7-4-02, Fidelity/Crime Insurance Requirements for Project Developments for all requirements.

As part of the consolidation, the following changes have been made to align with the *Selling Guide*, resulting in servicers no longer having to verify fidelity and liability coverage annually under certain conditions:

- Planned Unit Development (PUD) projects and condo and co-op projects processed under a limited project review at the time of origination no longer require either fidelity or liability insurance; and
- Mortgage loans eligible under a waiver of project review at the time of origination per *Selling Guide* B4-2.1-01, General Information on Project Standards no longer require fidelity/crime coverage.

**NOTE:** *Forbearance Type "A" (a term no longer used in the Selling Guide), or "established condos" as defined in Selling Guide B4-2.1-01, General Information on Project Standards, will require annual verification of fidelity/crime coverage unless subject to noted exceptions in Selling Guide B7-4-02, Fidelity/Crime Insurance Requirements for Project Developments.*

Other miscellaneous clarifications and updates have been made in the *Selling Guide* to align with industry practices:

- The terminology for liability policies was updated from "comprehensive" to "commercial" to reflect current industry terminology;
- The liability policy was clarified to indicate that co-op projects must provide coverage for all areas under the HOA's supervision when required;
- Added an insurance trustee as a party to receive carrier notifications on liability policies;
- Clarified the required fidelity/crime coverage for a management agent; and



- Removed the mandate for notice to be given to each first lien mortgage loan holder.

### **Effective Date**

Servicers may implement these policy changes at their discretion and at a time of their choosing, but must implement the verification of liability and fidelity/crime insurance for Type “A” established condos no later than January 1, 2019 if not already doing so.

## **Miscellaneous Revisions**

**Updates to eMortgage Loans\***. [E-1.2-02, Timing of the Foreclosure Referral for Mortgage Loans Generally](#) has been updated to remove the requirement for servicers to contact Fannie Mae prior to foreclosing on an eMortgage loan.

**Fannie Mae Flex Modification Update\***. We are updating [D2-3.2-09, Fannie Mae Flex Modification](#) to incorporate the eligibility criteria related to a property impacted by an eligible disaster, as previously communicated in Lender Letter [LL-2017-09](#), Fannie Mae Extend Modification for Disaster Relief and Other Clarifications for Mortgage Loans Impacted by Disaster Events.

**Automatic Reclassification Process for MBS Mortgage Loans\***. The *Servicing Guide* has been reorganized to more accurately reflect our automatic reclassification process for MBS mortgage loans in the following topics:

- [A1-3-06: Automatic Reclassification of MBS Mortgage Loans](#)
- [D2-3.1-02: Conditions of a First and Second Lien Mortgage Loan Modification for an MBS Mortgage Loan](#)
- [D2-3.2-01: Forbearance Plan](#)
- [F-1-28: Reclassifying or Voluntary Repurchasing an MBS Mortgage Loan](#)

**Maintaining Seller/Servicer Eligibility.** As part of our continued efforts to simplify Part A content shared by the *Selling* and *Servicing Guides*, this month we focused on maintaining Fannie Mae seller/servicer status. While the *Servicing Guide* already refers to the *Selling Guide* for this policy, we have clarified that sellers/servicers must send us 60 days’ advance written notice of any proposed major change in its organization as part of this release. See *Selling Guide* Announcement [SEL-2018-07](#) and *Selling Guide* A4-3-01, Report of Changes in the Seller/Servicer’s Organization for additional information.

### **Effective Date**

The policy clarifications and updates described in this section are effective immediately.

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Contact your Fannie Mae account team, Portfolio Manager, or Fannie Mae’s Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643) with any questions regarding this Announcement.

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