



## Servicing Guide Announcement SVC-2019-04

June 12, 2019

### Servicing Guide Updates

This *Servicing Guide Announcement* includes information related to the following:

- Simplification of Partial Releases\*
- Miscellaneous Revisions\*
- Reminder of Fannie Mae Extend Modification for Disaster Relief

\*Policy change not applicable to reverse mortgage loans.

#### Simplification of Partial Releases

To simplify our requirements related to evaluating partial release requests and to reduce case submissions requiring our approval, [D1-1-01, Evaluating a Request for the Release, or Partial Release, of Property Securing a Mortgage Loan](#), and the related procedures in [F-1-04, Processing a Request for the Release of Property Securing a Mortgage Loan](#), have been updated to clarify eligibility and documentation requirements. Additionally,

- An appraisal is now required to evaluate each partial release request and to determine the amount of any required principal curtailment, as applicable.
- Partial release requests that increase the LTV ratio of a mortgage loan may now be approved without requiring a principal curtailment to maintain the pre-release LTV ratio, provided the post-release LTV ratio is less than 60%. Principal curtailment is still required when the post-release LTV ratio is greater than or equal to 60%.
- The requirements related to three additional request types have been incorporated into the policy:
  - Requests for the Addition of Land,
  - Requests to Lease Property for the Installation of a Semi-Permanent Structure, and
  - Requests for the Subdivision of Real Property.

The *Application for Release of Security* ([Form 236](#)) has also been streamlined for easier use.

Servicers evaluating a borrower request for release or partial release related to reverse mortgage loans must obtain approval from their Reverse Mortgage Loan Servicing Representative (see *Reverse Mortgage Loan Servicing Manual 7-03, List of Contacts*).

#### Effective Date

Servicers are encouraged to implement these policy changes immediately, but must do so for all release requests received on or after October 1, 2019.

#### Miscellaneous Revisions

##### Updating Internal Records After a Regular or Special Servicing Option MBS Mortgage Loan Reclassification.

Currently, [F-1-26, Reclassifying or Voluntary Repurchasing an MBS Mortgage Loan](#) requires that after an MBS mortgage loan has been reclassified, servicers must update their internal records to reflect the remittance type as actual/actual as of the first day of the month in which the reclassification event takes place. However, after a regular or special servicing option MBS mortgage loan has been reclassified, servicers are also currently updating their internal records to adjust



- the pass-through rate (PTR) to include any guaranty fee;
- our required margin to equal the mortgage loan margin less the servicing fee, if applicable; and
- the PTR floor and ceiling to equal the lifetime interest rate floor and ceiling less the servicing fee, if applicable.

We have updated the *Guide* to reflect these specific actions.

**Determining the New PTR after an Adjustable Rate Mortgage (ARM) Adjustment.** *Investor Reporting Manual* [5-02, Calculations Related to Pass-through Rates](#) has been updated to state that when determining the minimum PTR using the “bottom-up” calculation method, in the absence of a stated PTR floor, our required margin becomes the PTR floor. While the *Selling Guide* states the mortgage interest rate may never decrease to less than the ARM’s margin and because the PTR is a byproduct of the mortgage interest rate, we received feedback that this clarification in the “bottom-up” calculation would benefit servicers.

## **Reminder of Fannie Mae Extend Modification for Disaster Relief**

With [LL-2017-09, Fannie Mae Extend Modification for Disaster Relief and Other Clarifications for Mortgage Loans Impacted by Disaster Events](#), we introduced the Fannie Mae Extend Modification for Disaster Relief (Extend Mod), developed jointly with Freddie Mac at the direction of the Federal Housing Finance Agency (FHFA). While most policies introduced in LL-2017-09 have since been incorporated into the *Guide*, servicers are reminded that the policy related to Extend Mod remains in effect until we provide further notice.

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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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