

Announcement SVC-2010-01**January 15, 2010****Trial Balance Reconciliation Requirements for Reverse Mortgage Loans****Introduction*****Servicing Guide, Part XI, Section 104: Trial Balance Transactions***

Fannie Mae is updating its reporting and reconciliation requirements for reverse mortgages. These requirements are designed to assist a servicer in tracking reverse mortgage loan activity and reconciling its accounting records with Fannie Mae's. This Announcement addresses the following updates:

- Reporting Requirements
- New Assessments for Non-Compliance of Reporting
- Reconciliation Requirements

Reporting Requirements

Currently, the *Servicing Guide* allows servicers to complete and submit their reverse mortgage trial balance transaction files to Fannie Mae at any time for the purpose of validating their reverse mortgage accounting records against Fannie Mae's.

Effective April 1, 2010, servicers are required to complete and submit their trial balance transaction files to Fannie Mae via eBoutique™ by the 6th calendar day of each month. The Fannie Mae eBoutique application will perform a reconciliation of loan balance record differences in the trial balance transaction file and produce a Trial Balance UPB Compare Report (Report 29).

In addition, servicers are required to provide Fannie Mae with additional data fields for the loans with balance differences. Two reports, the Reverse Mortgage Detail Report and Reverse Mortgage Summary Report, must be completed by the servicer. The servicer must e-mail the completed encrypted reports by the 20th calendar day of the month to their Fannie Mae reverse mortgage analyst. The reports are available on eFannieMae.com, along with a defined list of fields used in the reports (Reverse Mortgage Reports Category Definitions).

Servicers may continue to submit reports in the same manner that they have been instructed by Fannie Mae, per the current process and servicing calendar, until the new reporting policy becomes effective April 1, 2010. Servicers may refer to the Reverse Mortgage Servicing Calendar on eFannieMae.com, for the new reporting deadlines and other relevant dates for servicing reverse mortgages.

New Assessments for Non-Compliance of Reporting

Beginning April 1, 2010, if a servicer fails to comply with any of the above reporting requirements in a 12 month period, or if an incomplete report is received, the following may be assessed:

- 1) \$500 for the **first** occurrence
- 2) \$750 for the **second** occurrence
- 3) \$1000 for the **third** occurrence
- 4) A **fourth** occurrence in a 12 month period may result in a transfer of servicing by Fannie Mae

Reconciliation Requirements

Effective immediately, all reverse mortgage loans with unpaid principal balance differences greater than \$250, must be reconciled no later than March 31, 2010. After March 31, 2010, Fannie Mae may issue repurchase letters for unreconciled loans.

Any loan with a balance difference greater than \$250, identified and reported after the date of this Announcement, must be reconciled within 90 days from the date the difference was identified and reported. Going forward, Fannie Mae may issue repurchase letters for loans that remain unreconciled at the expiration of the 90 day resolution period.

In some cases resolution will require a repurchase of the loan. Self-identified repurchase discrepancies within the 90 day timeframe may be eligible for redelivery in certain circumstances. Loans where Fannie Mae has issued repurchase letters are not eligible for redelivery.

Fannie Mae is reminding servicers that as a condition of their approval to service reverse mortgages for Fannie Mae, they must demonstrate a proven ability to service reverse mortgages and must employ a staff with adequate experience in this area. This requirement continues as long as the servicer services reverse mortgage loans. (Refer to the *Servicing Guide*, Part I, Section 101: Eligibility Criteria, for additional information).

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Servicers should contact their Servicing Consultant, Portfolio Manager, or the National Servicing Organization's Servicer Support Center at 1-888-FANNIE5 (888-326-6435) with any questions regarding this Announcement.

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