

Servicing Guide Announcement SVC-2013-06

March 27, 2013

Miscellaneous Servicing Policy Updates

This Announcement provides policy updates on the following topics:

- Redelivery of Balloons
- Property Value Ordering Process
- Mortgage Release™ and REOgram® Submissions

Redelivery of Balloons

Servicing Guide, Part III, Section 804.01: Borrower Elects to Exercise Refinance Option

Fannie Mae has developed alternative processes for handling scheduled/scheduled remittance type balloon mortgage loans that are past due because the conditional refinance effective date occurs after the loan maturity date. Therefore, Fannie Mae is removing language in the Servicing Guide that provides procedures for removing the balloon mortgage loan from the MBS pool when a refinance is effective after the balloon maturity date. Servicers should contact their Investor Reporting Business Analyst for specific instructions on the process for past-due balloon mortgage loans serviced in a special servicing option MBS pool.

Change in Process to Determine the Market Value of Property for Short Sale, Mortgage Release, and Foreclosure Sale Bidding Instructions

Servicing Guide, Part VII, Section 604.03: Determining the Market Value of the Property; Section 606: Deeds-In-Lieu of Foreclosure; Section 610.05: Determining the Estimated Sales Price of the Property; and Part VIII, Section 107.05: Bidding Instructions

Servicers are now required to place orders directly with Fannie Mae to determine the market value of property for short sales and, if required by Fannie Mae or a mortgage insurer (MI), for Mortgage Releases and foreclosure sale bidding instructions. Servicers must now send all property value orders to Preforeclosure_valuation_orders@fanniemae.com. The property value order must include a completed *Order with Validation* template located on [Fannie Mae's website](#). Servicers must include the cost of the property value order in the MI claim.

Servicers must request the property value order when required by the MI company for bidding instructions as soon as they are aware of the foreclosure sale date but no earlier than 90 days prior to the foreclosure sale date. The results of the property value orders for foreclosure sale bidding instructions will be returned to the servicer by email within 7 to 10 business days from the date the servicer submits the order.

Servicers are reminded that the results of the property values ordered for short sales and Mortgage Releases are available through HomeSaver Solutions® Network (HSSN) within 7 to 10 calendar days from the date the servicer submits the order. In addition, the property value must be dated or have been refreshed by Fannie Mae within 90 days of the borrower's approval for a short sale or Mortgage Release.

Servicers are encouraged to implement the new property value ordering process immediately and are required to do so by May 1, 2013. All orders to determine the market value of the property which are already in progress will be completed using the previous process.

There are no changes being made to the current process for ordering a broker price opinion or appraisal when required for the evaluation of a loan modification.

Mortgage Release Policy Updates

***Servicing Guide*, Part VII, Chapter 6: Foreclosure Prevention Alternatives; Part VIII, Section 116.01: Submitting the REOgram**

Effective immediately, the servicer is no longer required to obtain recordation of the release of the subordinate lien within 60 days of the borrower's acceptance of the offer for a Mortgage Release. Instead, evidence of recordation of the subordinate lien release will be required with submission of the REOgram. The updated requirement is to provide the servicer more time and flexibility to obtain proof that the subordinate lienholder recorded the subordinate lien release. Additionally, Fannie Mae is increasing the amount of time that a servicer has to submit the REOgram to Fannie Mae from within 24 hours to within 5 business days of the date the Mortgage Release is recorded.

Currently, servicers must submit "applicable lien release documents" with the submission of the REOgram. Fannie Mae is revising this policy to require that servicers submit evidence to Fannie Mae that the subordinate lienholder has recorded the release of the subordinate lien by providing the county and date of recordation along with the book, page, and document number, if applicable, in the comments field of the REOgram.

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

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