

Servicing Guide Announcement SVC-2013-08

April 10, 2013

Delinquency Status Reporting and Hierarchy

This Announcement provides new and updated policy requirements for the following:

- Introduction of a Delinquency Status Code Hierarchy, and
- Updates to Delinquency Status Code Definitions

Effective Date

Servicers are encouraged to implement the new policies in this Announcement as soon as possible; however, servicers are required to implement these policies for the February 2014 delinquency status code reporting cycle for the January 2014 activity.

Introduction of a Delinquency Status Code Hierarchy

Servicing Guide, Part III, Chapter 1, Exhibit 1: Military Indulgence; Part III, Section 1102.01: Special Relief Requirements; Part VII, Section 406: Disaster Relief; Part VII, Section 503: Managing Chapter 7 Bankruptcies; Part VII, Section 504: Managing Chapter 11 Bankruptcies; Part VII, Section 505: Managing Chapter 12 Bankruptcies; Part VII, Section 506: Managing Chapter 13 Bankruptcies; Part VII, Section 506.02: Pre-Petition and Post-Petition Payments; Part VII, Section 605: Assignments to the Insurer or Guarantor; Part VII, Section 608: Second-Lien Mortgage Loan Charge-Offs; Part VII, Section 611.06: Delinquency Status Reporting; Part VII, Chapter 7: Delinquency Status Reporting; Part VII, Section 701: Delinquency Status and “Reason for Delinquency” Codes; and Part VIII, Section 105: Reinstatements

Fannie Mae is introducing a delinquency status code hierarchy that servicers must use for reporting to Fannie Mae. Servicers must report the most appropriate delinquency status code based on the delinquency status code hierarchy priority level. The delinquency status code hierarchy is comprised of six priority levels in descending order:

Delinquency Status Code Priority Levels	
Priority Level	Priority Level Description
1	Approved Foreclosure Prevention Alternative or Special Relief Measures Delinquency
2	Complete Borrower Response Package
3	Bankruptcy
4	Foreclosure
5	Collection
6	Other

When multiple delinquency status codes are applicable to an individual loan, the servicer must use the appropriate delinquency status code in the highest priority. Priority Level 1, Priority Level 2, and Priority Level 3 delinquency status codes are mutually exclusive, meaning only one delinquency status code within each

priority level can apply during a reporting cycle. If the most appropriate delinquency status code is in a priority level in which the codes are not mutually exclusive, the servicer must determine the delinquency status code that best describes the latest action it has taken to cure the delinquency or to liquidate the mortgage loan.

Servicers must continue to report the appropriate delinquency status code based on the hierarchy until the delinquency has been resolved or the delinquency action is complete.

The *Servicing Guide* exhibit, *Delinquency Status Codes*, has been replaced with a new exhibit, *Delinquency Status Code Hierarchy and Definitions*. This new exhibit is available on [Fannie Mae's website](#).

Updates to Delinquency Status Code Definitions

Servicing Guide, Part VII, Chapter 7: Delinquency Status Reporting, Section 701: Delinquency Status, and "Reason for Delinquency" Codes and Delinquency Status Codes Exhibit

Fannie Mae has updated the definitions for the following delinquency status codes on the *Delinquency Status Codes Hierarchy and Definitions* exhibit:

- Trial Modification, Code BF (Priority Level 1)
- Modification, Code 28 (Priority Level 1)
- Military Indulgence, Code 32 (Priority Level 1)
- Complete Borrower Response Package, Code H5 (Priority Level 2)
- Probate, Code 31 (Priority Level 4)
- Foreclosure Sale Continued, Code 95 (Priority Level 4)
- Title Issue in Progress, Code BE (Priority Level 4)
- Quality Right Party Contact, Code AW (Priority Level 5)

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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