

***Servicing Guide* Announcement SVC-2013-09**

April 17, 2013

Execution of Legal Documents

Fannie Mae is revising several aspects of its execution of legal documents policy. This Announcement addresses policy changes related to:

- Quitclaim deeds
- Limited power of attorney
- Execution of assumptions
- Releases of security
- Executing legal documents

Effective Date

Servicers are required to implement the policies in this Announcement immediately.

Quitclaim Deeds

***Servicing Guide*, Part I, Section 202.06: Execution of Legal Documents; Part VIII, Chapter 2: Conveyances and Claims; Part XII, Glossary**

Fannie Mae is issuing new guidance related to quitclaim deeds for properties that have been conveyed in error to Fannie Mae. The servicer must comply with the requirements shown below in preparing the reconveyance quitclaim deed:

- The following clause must be inserted in the body of the quitclaim deed:
 - “This property was inadvertently conveyed to the Federal National Mortgage Association and the Federal National Mortgage Association did not accept the deed.”
- The following words are permitted in the body of the quitclaim deed to convey ownership from the grantor to the grantee: remise, release, or quitclaim.
- The following words are not permitted in the body of the quitclaim deed because they do not convey ownership from the grantor to the grantee: grants, sold, bargain, or convey (with the exception of the first clause as noted above).
- The servicer must ensure that:
 - the grantor’s name in the quitclaim deed matches the grantee’s name in the recorded deed, and
 - the property address and legal description are included in the quitclaim deed and both match what is in the recorded deed.
- Fannie Mae will execute the quitclaim deed only if the servicer has prepared the document to quitclaim or assign back to the previous grantor or assignor.

- Within five business days of receipt of the fully executed quitclaim deed from Fannie Mae, the servicer must submit the quitclaim deed for recording.

The servicer must send the request for quitclaim deed execution to Fannie Mae. Part I, Section 202.06: Execution of Legal Documents of the *Servicing Guide* provides information on the appropriate department for delivery of legal documents for execution, contact information, or for other inquiries.

Fannie Mae is adding the following definition of quitclaim deed to the *Servicing Guide* Glossary:

“An instrument of conveyance of real property that passes whatever title, claim, or interest that the grantor has in the property, but does not make any representations as to the validity of such title. A quitclaim deed is not a guarantee that the grantor has clear title to the property; rather it is a relinquishment of the grantor's rights, if any, in the property. The holder of a quitclaim deed receives only the interest owned by the person conveying the deed.”

Limited Power of Attorney

***Servicing Guide*, Part I, Section 202.06: Execution of Legal Documents**

The servicer must have a limited power of attorney in place to be authorized to execute the following documents on behalf of Fannie Mae:

- the release of a borrower from personal liability under the mortgage or deed of trust following an approved transfer of ownership of the security property;
- the full satisfaction or release of a mortgage or the request to a trustee for a full reconveyance of a deed of trust;
- the partial release or discharge of a mortgage or the request to a trustee for a partial reconveyance or discharge of a deed of trust;
- the modification or extension of a mortgage or deed of trust;
- the subordination of the lien of a mortgage or deed of trust;
- the completion, termination, cancellation, or rescission of foreclosure relating to a mortgage or deed of trust, including (but not limited to) the following actions:
 - the appointment of a successor or substitute trustee under a deed of trust, in accordance with state law and the deed of trust;
 - the issuance of a statement of breach or nonperformance;
 - the issuance or cancellation or rescission of notices of default;
 - the cancellation or rescission of notices of sale; and
 - the issuance of such other documents as may be necessary under the terms of the mortgage, deed of trust, or state law to expeditiously complete said transactions, including, but not limited to, assignments or endorsements of mortgage loans, deeds of trust, or promissory notes to convey title from Fannie Mae to the Attorney-in-Fact under this Limited Power of Attorney;
- the conveyance of properties to the Federal Housing Administration (FHA), the Department of Housing and Urban Development (HUD), the Department of Veterans Affairs (VA), Rural Development (RD), or a state or private mortgage insurer; and
- the assignment or endorsement of mortgage loans, deeds of trust, or promissory notes to the Federal Housing Administration (FHA), the Department of Housing and Urban Development (HUD), the Department of Veterans Affairs (VA), Rural Development (RD), a state or private mortgage insurer, or Mortgage Electronic Registration System (MERS®).

As shown in the table below, Fannie Mae is updating the points of contact for receipt of, and inquiries related to, legal documents in situations where the servicer does not have a limited power of attorney, or if the servicer is not otherwise authorized to execute a specific document. Generally, servicers must deliver legal documents requiring execution by Fannie Mae by email. If, however, an original legal document must be executed by Fannie Mae, the servicer must send the document by regular mail.

Document Ownership, Execution, and Contact Matrix			
Document Ownership	Document Execution Submission Without a Limited Power of Attorney OR Servicer is Unable to Execute	For Inquiries OR If Required Method of Delivery is via Email	Method of Delivery ONLY when an Original is Required
Vendor Oversight / Custody Group	<ul style="list-style-type: none"> ▪ Satisfaction/discharges of paid off loans ▪ Servicer requests for limited power of attorney to execute on Fannie Mae's behalf 	Custody_Group@fanniemae.com	Fannie Mae Vendor Oversight / Custody Group 13150 Worldgate Drive Herndon, VA 20170
National Servicing Organization (NSO)	<ul style="list-style-type: none"> ▪ Quitclaim deeds for properties conveyed in error ▪ Release of liability ▪ Assignments of mortgage ▪ Substitution of trustees ▪ Conveyances or reconveyances of acquired properties ▪ Loan Modifications ▪ All other documents 	NSO_Documents@fanniemae.com	Fannie Mae Attn: NSO Documents P.O. Box 809007 Dallas, TX 75265
NSO – Loss Mitigation	Partial Release of Security	partial_releases@fanniemae.com	Fannie Mae NSO, Loss Mitigation 14221 Dallas Parkway, Suite 1000 Dallas, TX 75254

Execution of Assumptions

***Servicing Guide*, Part III, Section 401: FHA Mortgage Loans with No Due-on-Sale Provision; Section 403: VA Mortgage Loans with No Due on Sale Provision; Section 404: VA Mortgage Loans with No Due-on-Sale Provision; Section 407: Conventional Mortgage Loans with No Due-on-Sale Provision; Section 408.02: Exempt Transactions; Section 408.03: Transfer under Existing Terms; Section 408.04: Transfer Subject to State Law Restrictions; Part VI, Section 103.01: Fannie Mae Is Mortgagee of Record; Part VII, Section 602.01: Modifying Government Mortgage Loans; Part VII, Section 602.02.07: Executing and Processing the Loan Modification Agreement; Section 603: Mortgage Assumptions**

Fannie Mae is revising guidance regarding execution of assumptions.

- If Fannie Mae is the owner of record (or mortgagee of record, as applicable) for the mortgage loan, the servicer must have an assignment of mortgage to execute the assumption agreement.
- If the servicer does not have an assignment of mortgage, it must prepare the assignment of mortgage and send it to Fannie Mae for execution. Fannie Mae will return the executed assignment of mortgage to the servicer, and the servicer must then record the executed assumption agreement and send a copy of the recorded assumption agreement to its document custodian.

Releases of Security

***Servicing Guide*, Part III, Chapter 7: Releases of Security; Section 701.01: Releasing a Beneficial Easement; Section 701.02: Granting a Burdensome Easement, Section 702: Release of Oil, Gas, or Mineral Rights, Section 704: Partial Release of Real Property; Section 705: Partition of Real Property; Section 706: Substitution of Security; Section 707: Condemnation or Taking by Eminent Domain; Section 707.03: Borrower's Abandonment of Property or Failure to Respond to Offer; Section 708: Waiver of Certain Rights under the Mortgage Loan; Section 709: Executing Legal Documentation**

If the servicer is required to submit the borrower's *Application for Release of Security* ([Form 236](#)) (along with the servicer's recommendation) to approve the release of security on its behalf, it must submit the borrower's application to Fannie Mae's Loss Mitigation department for approval at partial_releases@fanniemae.com. If an original document must be executed by Fannie Mae, the servicer must send it to NSO, Loss Mitigation, 14221 Dallas Parkway, Suite 1000, Dallas, TX 75254.

Servicers must direct inquiries related to the following activities to the Loss Mitigation department email or postal address shown immediately above:

- *Applications for Release of Security*;
- substitutions of security;
- determination of application of proceeds when a partial taking of property after foreclosure proceedings have been initiated; and
- requests to waive the noteholder's rights to receive certain notifications or to consent to any changes in the provisions of the legal documents for a condo, PUD, or co-op project.

Executing Legal Documents

***Servicing Guide*, Part III, Section 709: Executing Legal Documentation**

Effective immediately, servicers with limited power of attorney must seek approval from Fannie Mae's Loss Mitigation department to:

- approve the *Application for Release of Security*, and
- receive documents for any release of security required to be approved by Fannie Mae prior to execution.

Servicers must not send any legal documents for execution to Fannie Mae's regional offices.

Fannie Mae is also removing its Designated Document Custodian as the point of contact for releases of security and its Vendor Oversight group as the recipient of legal documents.

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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