

***Servicing Guide* Announcement SVC-2013-17**

August 28, 2013

Miscellaneous Servicing Policy Changes

This Announcement describes servicing policy changes and updates for the following:

- Delinquency Management and Default Prevention for Assuming Borrowers
- Updates to Unemployment Forbearance
- Update to Servicer Name Change Requirements
- Intent to Accept and Acceptance of a Fannie Mae Modification Offer

Effective Date

Unless otherwise indicated, servicers must implement the revised requirements in this Announcement immediately for all mortgage loans that become delinquent on or after the date of this Announcement.

Delinquency Management and Default Prevention for Assuming Borrowers

***Servicing Guide*, Part III, Section 408.02: Exempt Transactions**

Fannie Mae is clarifying the servicer's obligations in connection with a transfer of ownership of a property securing a mortgage loan when the due-on-sale (or due-on-transfer) provision is not enforceable because the property transfer is considered an exempt transaction in the *Servicing Guide*.

Servicers must implement policies and procedures to promptly identify and communicate with the new property owner in connection with a property transfer that is an exempt transaction. These policies and procedures must allow the new owner to continue making mortgage payments and pursue an assumption of the mortgage loan as well as a foreclosure prevention alternative, if applicable. This includes a widow, executor, or administrator of the borrower's estate, or other authorized representative of the borrower upon notification of the borrower's death.

Delinquent Mortgage Loans and Exempt Transactions

If the mortgage loan is delinquent and the new property owner is unable to bring the mortgage loan current, he or she must be evaluated for all available workout options.

Servicers must follow *Servicing Guide* eligibility and Borrower Response Package requirements when considering any workout option, including the Streamlined Modification (described in Announcement SVC-2013-05, *Streamlined Modifications, Conventional Mortgage Loan Modifications, and Outbound Communications*).

If the servicer determines that a workout option is appropriate, it must submit its recommendation to Fannie Mae for written approval. Fannie Mae will determine the terms of the workout option and any related assumption. The servicer must submit the case into HomeSaver Solutions[®] Network (HSSN) under the recommended workout option and indicate that a transfer of ownership or an assumption is associated with the case in the comments section.

Updates to Unemployment Forbearance

Announcement SVC-2012-01, *Introduction to Fannie Mae Unemployment Forbearance*

Fannie Mae is clarifying that prior to the expiration date of the initial unemployment forbearance period or upon notification of re-employment, the servicer must evaluate the borrower for an extension of the unemployment forbearance term or another workout option, if applicable. Servicers must complete the evaluation in accordance with the *Servicing Guide*, including the use of the Streamlined Modification and the streamlined documentation requirements for a standard short sale and Mortgage Release™

Borrower Solicitation and Follow-Up

Fannie Mae currently requires that no later than 60 days prior to the end of the extended unemployment forbearance period or upon notification of re-employment, the servicer must request updated documentation in order to evaluate the borrower for another foreclosure prevention alternative. The current requirement also prohibits verbal updates for converting to another foreclosure prevention alternative.

With this Announcement, Fannie Mae is eliminating the guidance referenced in the paragraph above and replacing it with the following:

Prior to the expiration date of the extended unemployment forbearance period or upon notification of re-employment; servicers must evaluate the borrower for another foreclosure prevention alternative, in accordance with the *Servicing Guide*, including the use of the Streamlined Modification and the streamlined documentation requirements for the standard short sale and Mortgage Release.

Effective Date

Servicers are encouraged to implement the new policies for Unemployment Forbearance immediately; however, servicers are required to implement these policies no later than November 1, 2013.

Update to Servicer Name Change Requirements

Servicing Guide, Part I, Section 204: Changes in Servicer's Organization


Fannie Mae will no longer require servicers to treat a servicer name change as a transfer of servicing. The servicer must contact their Servicing Consultant, Portfolio Manager, or Fannie Mae's National Servicing Organization's Servicer Support Center when changing its organization's name. All other notification requirements relating to name changes, as indicated in the *Servicing Guide*, remain unchanged.

Intent to Accept and Acceptance of a Fannie Mae Modification Offer

Servicing Guide, Part VII, Section 602.02.06: Trial Period Plan

Fannie Mae is updating the requirements of the *Evaluation Notice* to specify that the 14-day time frame for the borrower to contact the servicer is to indicate the borrower's intent to accept or reject a loan modification offer.

Servicers are reminded that processing an *Evaluation Notice* must still include the steps which the borrower must take to participate in or accept the offer. The content in the Evaluation Notice Model Clauses posted on the [Fannie Mae website](#) contains the correct information.



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

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