

***Servicing Guide* Announcement SVC-2013-21**

October 17, 2013

Updates to Mortgage Release™ (Standard Deed-in-Lieu of Foreclosure) Requirements

This Announcement describes the following Mortgage Release policy changes and clarifications:

- Post-execution property inspection requirements and servicer's final acceptance of the Mortgage Release,
- Three-month transition option eligibility, and
- Twelve-month lease transition option.

Post-Execution Property Inspection Requirements and Servicer's Final Acceptance of the Mortgage Release

Servicing Guide, Part I, Section 201.11.03: Late Submission of REOgram; Part VIII, Section 116.01: Submitting the REOgram; Servicing Guide Announcement SVC-2012-25: Mortgage Release (Standard Deed-in-Lieu of Foreclosure and Deed for Lease) Requirements and Updates to Standard Short Sale/HAFSA II Requirements and Announcement SVC-2013-13: Updates to Standard Short Sale/HAFSA II and Mortgage Release™ (Standard Deed-in-Lieu of Foreclosure) Requirements

In Announcement SVC-2013-13, Fannie Mae updated several Mortgage Release requirements, including the requirement for a final interior property inspection after the borrower executes a Mortgage Release (to ensure that the subject property is vacant, secure, and in broom swept condition). Announcement SVC-2013-13 also provided that the servicer must submit the REOgram® within 24 hours of the date the servicer accepts the executed Mortgage Release.

Fannie Mae is revising the servicer's responsibilities in finalizing the Mortgage Release as follows. The servicer must:

- complete a final interior property inspection no more than two business days following the receipt of the executed deed and all related documents;
- not complete final acceptance of the executed Mortgage Release until after it has received the results of the final property inspection;
- submit the case into HomeSaver Solutions® Network (HSSN), regardless of the transition option chosen, to complete its final acceptance of the Mortgage Release; and
- submit the REOgram within 24 hours of the date the servicer completes final acceptance of the executed Mortgage Release. The servicer must report the HSSN closing date as the foreclosure sale date on the REOgram. This is the date that Fannie Mae will use when determining whether to charge the servicer \$100 a day if the REOgram submission is late.

Three-Month Transition Option Eligibility

Servicing Guide, Part VII, Section 606.01.01: Eligibility; and Servicing Guide Announcement SVC-2012-25: Mortgage Release (Standard Deed-in-Lieu of Foreclosure and Deed for Lease) Requirements and Updates to Standard Short Sale/Hafa II Requirements

When evaluating a borrower for one of Fannie Mae's Mortgage Release transition options, servicers must use the eligibility criteria in Part VII, Section 606.01.01: Eligibility. Announcement SVC-2012-25 removed several eligibility criteria from the list in Part VII, Section 606.01.01 for use in screening borrowers for the three-month transition option.

Fannie Mae is updating its current policy to also exclude the following from the three-month transition option program eligibility criteria:

- At least three payments have been made since origination or since the last modification.
- The mortgage loan is not 12 or more months delinquent when referred to Fannie Mae for transition option consideration.
- The borrower is not involved in an active bankruptcy proceeding.

Twelve-Month Lease Transition Option

Servicing Guide, Part VII, Section 606.01.01: Eligibility; and Servicing Guide Announcement SVC-2012-25: Mortgage Release (Standard Deed-in-Lieu of Foreclosure and Deed for Lease) Requirements and Updates to Standard Short Sale/Hafa II Requirements

Announcement SVC-2012-25 provided that the servicer must ensure that the borrower agrees to assign and transfer to Fannie Mae any rents if the property is rented and agrees to collect all rental income.

Effective immediately, servicers are no longer required to ensure that the borrower will assign and transfer any rents to Fannie Mae and will collect rental income. The occupant(s) will be required to execute a new Fannie Mae lease and rent will be due in accordance with the terms of the lease agreement.

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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