

Servicing Guide Announcement SVC-2014-01

January 24 2014

Mortgage Loan Modification Payment Change Notification Updates

Fannie Mae is updating its requirements for borrower notification of the interest rate adjustment for a mortgage loan that has been modified and is subject to step interest rate adjustments, including Fannie Mae HAMP Modifications.

Effective Date

Servicers are encouraged to implement the requirements in this Announcement immediately; however, servicers are required to implement these payment change notification requirements by April 1, 2014.

Payment Change Notification

Servicing Guide, Part VII, Section 207: Payment Change Notification and *Payment Change Notification Guidelines Exhibit*

For all mortgage loan modifications with a step interest rate adjustment, the servicer must send the borrower a notification of the mortgage loan interest rate adjustment based on the updated guidance provided in the *Payment Change Notification Guidelines* exhibit, available on [Fannie Mae's website](#).

All payment change notifications for mortgage loan modifications with a step interest rate adjustment sent to the borrower must include the information outlined in the following table.

√	Notice Requirements
	The amount and effective date of the interest rate increase.
	The amount and due date of the borrower's new monthly payment.
	An explanation pursuant to the terms of the modification agreement, that at the end of the initial fixed-rate term, the interest rate will increase according to the schedule in the modification agreement until it reaches the interest rate cap. Furthermore, the explanation should, as applicable, include statements regarding the following: <ul style="list-style-type: none"> ▪ how the interest rate cap was set; and ▪ once the interest rate reaches the interest rate cap, it will be fixed for the remaining life of the mortgage loan.
	A payment schedule table, similar to the one included in the modification agreement, that outlines the future interest rates and monthly payment amounts (identifying principal and interest, and estimated escrows) and the effective dates for such amounts; or the servicer may explain these terms, dates, and amounts.
	An explanation that the monthly payment includes an escrow for property taxes, hazard insurance, and other escrowed expenses, which, if changed, will change the monthly payment.
	An explanation of how the new monthly payment was determined.
	Servicer contact information and instructions to the borrower to contact the servicer if the borrower

√	Notice Requirements
	has questions or concerns about the new monthly payment.
	The Homeowner's HOPE™ Hotline Number (1-888-995-HOPE) with an explanation that the borrower can ask for Making Home Affordable (MHA) help.
	An explanation that the borrower can seek assistance with household budgeting at no charge from HUD-approved housing counseling agencies that can be found on HUD.gov.
	Information regarding the availability of additional educational resources at Fannie Mae's Know Your Options™ website (http://www.knowyouroptions.com/).

Inbound and Outbound Calls

Servicing Guide, Part VII, Section 202: Inbound Call Coverage; Section 203: Outbound Call Attempts and Payment Change Notification Guidelines Exhibit

For all mortgage loan modifications with a step interest rate adjustment, the servicer must adhere to the requirements in the *Payment Change Notification Guidelines* exhibit.

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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