

***Servicing Guide* Announcement SVC-2014-04**

February 26, 2014

Miscellaneous Servicing Policy Updates

This Announcement clarifies and updates policies regarding

- individual mortgage loan files,
- servicing quality control reviews,
- final requests for reimbursement,
- attorney expenses, and
- transfer of variances and waivers.

Individual Mortgage Loan Files

***Servicing Guide*, Part I, Section 405.01: Individual Mortgage Loan Files**

Fannie Mae is clarifying its requirements for retaining mortgage loan servicing records. The servicer must retain in the mortgage loan servicing file all supporting documentation for all expense reimbursement claims (for example, vendor invoices and third-party invoices from the vendor rendering services), in addition to other servicing and liquidation information such as property inspection reports, copies of delinquency repayment plans, copies of disclosures of ARM interest rate and payment changes, documents related to insurance loss settlements, and foreclosure records, as stated in the *Servicing Guide*.

Servicers are reminded that after a mortgage loan is liquidated, the servicer must keep the mortgage loan servicing file for at least four years (measured from the date of payoff or the date that any applicable claim proceeds are received), unless the local jurisdiction requires longer retention or Fannie Mae specifies that the records must be retained for a longer period.

In all instances, the servicer must document its compliance with all Fannie Mae policies and procedures, including but not limited to, timelines that are required in the *Servicing Guide*. The servicer must maintain in the individual mortgage loan file all documents and system records that preserve Fannie Mae's ownership interest in the individual mortgage loan.

Servicing Quality Control Reviews

Announcement SVC-2012-21: *Servicing Guide* Updates to Conform to the FHFA Directive on Harmonized Contracts

Fannie Mae is clarifying its requirements regarding mortgage loan servicing files requested by Fannie Mae for the purpose of confirming that the mortgage loan has been serviced in accordance with the Lender Contract. When Fannie Mae requests a mortgage loan servicing file for a quality control review, the servicer must include supporting documents for all expense reimbursement claims it has submitted or intends to submit to Fannie Mae (for example, vendor invoices).

Final Requests for Reimbursement

Servicing Guide, Part I, Section 201.11.13: Late Filing of Final Request for Reimbursement

As a reminder, servicers are authorized to submit outstanding expense reimbursement claims upon completion of a foreclosure sale. However, servicers must submit the final *Cash Disbursement Request* (Form 571) within 30 days after

- completion of a loss mitigation alternative,
- filing a mortgage insurance claim for a property that will be conveyed to the insurer or guarantor,
- acquisition of a property by a third party at a foreclosure sale, or
- disposition of an acquired property.

Fannie Mae may deny the request or assess a late submission compensatory fee for reimbursement requests received after these deadlines.

Attorney Expenses

Servicing Guide, Part VII, Section 501.03: Allowable Attorney Fees; Allowable Bankruptcy Attorney Fees Exhibit; Part VIII, Section 106.04: Attorney (or Trustee) Fees; and Allowable Foreclosure Attorney Fees Exhibit

Fannie Mae is reminding servicers that each expense reimbursement request must contain sufficient description and/or supporting documentation that is necessary and/or required for Fannie Mae to properly evaluate the request. Examples of sufficient supporting information include


- a servicer's explanation on a Florida loan that judgment for foreclosure was obtained as a result of an uncontested trial, along with an attorney invoice for the applicable foreclosure attorney fees; or
- an attorney invoice describing an expense as an attorney fee for a Chapter 13 bankruptcy court notification of default and stay termination.

Transfer of Variances and Waivers

Servicing Guide, Part I, Section 201.01: Contractual Representations and Warranties

Fannie Mae is clarifying its policy that when a servicer transfers its contractual right to service some or all of its Fannie Mae single-family servicing to another Fannie Mae-approved servicer, any variance or waiver granted to a transferor servicer does not automatically transfer to the transferee servicer. In addition, the transferor servicer and transferee servicer must ensure that all existing special servicing obligations associated with the transferred mortgage loan are disclosed.

As a reminder, the transferee servicer must assume all of the responsibilities and duties, including special servicing obligations that were agreed to, whether those obligations were made when the mortgage loans were originally sold to Fannie Mae or subsequent to that date.



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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