

Servicing Guide Announcement SVC-2014-07

May 16, 2014

Delinquency Management and Default Prevention Updates

This Announcement updates delinquency management and default prevention servicing policies, including those policies announced in Announcement SVC-2013-20: *Delinquency Management and Default Prevention Updates Related to the Consumer Financial Protection Bureau Mortgage Servicing Rules and Other Servicing Responsibilities* and Announcement SVC-2013-23: *Delinquency Management and Other Servicing Responsibilities*, related to the following:

- borrower solicitation letters, acknowledgement of borrower response package, and incomplete information notice;
- substantially complete borrower response package;
- payment adjustment of initial workout option offer after appeal decision; and
- referral to foreclosure and delay in legal action.

Borrower Solicitation Letters, Acknowledgement of Borrower Response Package, and Incomplete Information Notice

Servicing Guide, Part VII, Section 205.01: Borrower Solicitation Letters; Section 205.06: Acknowledgement of Borrower Response Package; and Section 205.07: Incomplete Information Notices

The *Borrower Solicitation Letter – 31 Days Delinquent* ([Form 731](#)) and *Borrower Solicitation Letter – 61 Days Delinquent* ([Form 761](#)) have been updated and are posted on Fannie Mae's website.

The servicer must now perform the following actions for a borrower who submits a complete Borrower Response Package (BRP) or incomplete documentation **37 days or less** prior to a foreclosure sale. The servicer:

- must include an explanation in the acknowledgement of the BRP of the servicer's plans for evaluating the borrower for a workout option and suspending the foreclosure sale, if applicable; and
- is encouraged to work with borrowers who submit incomplete documentation to obtain a complete BRP but is not required to send an Incomplete Information Notice.

Substantially Complete Borrower Response Package

Servicing Guide, Part VII, Section 609.01: HAMP Eligibility; Section 612.01: 2MP Eligibility; Part VIII, Section 102: Prereferral to Foreclosure Review; Section 103.04: Conventional and RD First-lien Mortgage Loans; Announcement SVC-2012-18: Updates to Delinquency Management and Default Prevention Requirements; and Announcement SVC-2013-20: Delinquency Management and Default Prevention Updates Related to the Consumer Financial Protection Bureau and Other Servicing Policies.

Effective immediately, Fannie Mae is eliminating all requirements related to a substantially complete BRP from the *Servicing Guide*. Servicers must no longer postpone referral of a mortgage loan to foreclosure due to the receipt of a substantially complete BRP. The servicer is reminded to follow the requirements for referring a mortgage loan to foreclosure described in the *Servicing Guide*, as amended by Announcement SVC-2013-20: *Delinquency Management and Default Prevention Updates Related to the Consumer Financial Protection Bureau and Other Servicing Policies*.

Payment Adjustment of Initial Workout Option Offer After Appeal Decision

Servicing Guide, Part VII, Chapter 1: Servicing Standards; Announcement SVC-2013-20: Delinquency Management and Default Prevention Updates Related to the Consumer Financial Protection Bureau Mortgage Servicing Rules and Other Servicing Responsibilities; and Announcement SVC-2013-23: Delinquency Management and Other Servicing Responsibilities

The table below reflects new requirements for adjusting the payment amount in instances where additional amounts have accrued and/or the due dates of the initial offer have changed because the borrower was awaiting the outcome of the appeal decision.

✓	The servicer must...
	adjust the payment amount of the initial offer. NOTE: For Trial Period Plans, the servicer is authorized to adjust the payment amount at the beginning of the Trial Period Plan or after the borrower's successful completion of the Trial Period Plan.
	use the same approach to adjusting the payment amount consistently on all mortgage loans serviced for Fannie Mae.
	reissue the initial offer to reflect any adjusted dates and/or payment amounts.


Referral to Foreclosure and Delay in Legal Action

Servicing Guide, Part VII, Section 205.09: Breach or Acceleration Letters; Part VIII, Section 102: Prereferral to Foreclosure Review; Section 103.04: Conventional and RD First-Lien Mortgage Loans; Section 107.03.01: Certification Prior to Foreclosure Sale, Announcement SVC-2013-20: Delinquency Management and Default Prevention Updates Related to the Consumer Financial Protection Bureau Mortgage Servicing Rules and Other Servicing Responsibilities

The servicer is no longer required to refer a mortgage loan secured by a principal residence to foreclosure within 5 business days after the 121st day of delinquency. However, the servicer is reminded that it is expected to complete routine foreclosure proceedings within the maximum number of days set forth in the *Foreclosure Time Frames and Compensatory Fee Allowable Delays* exhibit on [Fannie Mae's website](#). The servicer is also reminded not to refer a mortgage loan secured by a principal residence to foreclosure prior to the 121st day of delinquency.

Furthermore, when the borrower has been offered a workout option based on the evaluation of a complete BRP, the servicer must not

- refer a mortgage loan to foreclosure or complete the first legal action, or
- proceed with the motion for judgment or order of sale



until the borrower's time period for submitting the initial payment to accept the offer has expired without the servicer receiving the payment. The servicer is reminded that when the offer extended is a Trial Period Plan, the borrower must submit the initial payment by the last day of the first month of the Trial Period Plan.

Effective Date

Servicers are encouraged to implement the policies in this Announcement immediately, but no later than July 1, 2014.

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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