

# Servicing Guide Announcement SVC-2014-18

October 15, 2014

## Miscellaneous Servicing Policy Updates

This Announcement provides updates and clarifications for several servicing policies, including

- execution of legal documents,
- execution of mortgage loan modification agreements,
- execution of assumption agreements,
- releases of security for mortgage loans in bankruptcy,
- substitution of trustee,
- document preparation update for Mortgage Releases™ ,
- allowing third-party vendors to prepare Mortgage Release documents, and
- Mortgage Release documentation preparation services

## Execution of Legal Documents

The Document Ownership, Execution, and Contact Matrix published in Servicing Announcement SVC-2013-09: *Execution of Legal Documents* is unchanged by this Announcement and is included below for reference.

| <b>Document Ownership, Execution, and Contact Matrix</b> |   |  |  |
|--|---|--|--|
| <b>Ownership</b>   | <b>Document Execution Submission Without a Limited Power of Attorney OR Servicer is Unable to Execute</b>   | <b>Inquiries OR If Required Method of Delivery is Via Email</b>              | <b>Method of Delivery ONLY when an Original is Required Address</b>                                |
| <b>Vendor Oversight / Custody Group</b>                  | <ul style="list-style-type: none"> <li>▪ Satisfaction/Discharges of paid off loans</li> <li>▪ Servicer requests for limited power of attorney to execute on Fannie Mae's behalf</li> </ul>  | <a href="mailto:Custody_Group@fanniemae.com">Custody_Group@fanniemae.com</a> | Fannie Mae<br>Vendor Oversight /<br>Custody Group<br>13150 Worldgate<br>Drive<br>Herndon, VA 20170 |
| <b>NSO</b>   | <ul style="list-style-type: none"> <li>▪ Quitclaim Deeds for properties conveyed in error</li> <li>▪ Release of liability</li> <li>▪ Assignments of Mortgage</li> <li>▪ Substitution of Trustees</li> <li>▪ Conveyances or reconveyances of acquired properties</li> <li>▪ Mortgage Loan Modifications</li> <li>▪ <b>All other documents</b></li> </ul> | <a href="mailto:NSO_Documents@fanniemae.com">NSO_Documents@fanniemae.com</a> | Fannie Mae<br>Attn: NSO<br>Documents<br>P.O. Box 809007<br>Dallas, TX 75265                        |

|                              |   |  |  |
|------------------------------|---|--|--|
| <b>NSO – Loss Mitigation</b> | <ul style="list-style-type: none"> <li>▪ Partial Release of Security</li> </ul> | <a href="mailto:partial-releases@fanniemae.com">partial-releases@fanniemae.com</a> | Fannie Mae<br>NSO, Loss Mitigation<br>14221 Dallas<br>Parkway, Suite 1000,<br>Dallas, TX 75254 |
|------------------------------|---|--|--|

### ***Effective Date***

Servicers are required to implement the policies in this Announcement immediately.

## **Execution of Mortgage Loan Modification Agreements**

***Servicing Guide, Part VII, Section 602.01: Modifying Government Mortgage Loans; Part VII, Section 602.02.07: Executing and Processing the Loan Modification Agreement; Servicing Announcement SVC-2013-09: Execution of Legal Documents***

Fannie Mae is clarifying that if a servicer does not have a limited power of attorney to execute mortgage loan modifications agreements, the servicer must not send documents to Fannie Mae’s Vendor Oversight department for execution, but instead must refer to the Document Ownership, Execution, and Contact Matrix for appropriate contact information.

## **Execution of Assumption Agreements**

***Servicing Guide, Part III, Section 401: FHA Mortgage Loans with No Due-on-Sale Provision; Section 403: VA Mortgage Loans with No Due-on-Sale Provision; Section 404: VA Mortgage Loans with Due-on-Sale Provision; Section 407: Conventional Mortgage Loans with No Due-on-Sale Provision; Section 408.02: Exempt Transactions; Section 408.03: Transfer under Existing Terms; Section 408.04: Transfer Subject to State Law Restrictions; Part VI, Section 103.01: Fannie Mae Is Mortgagee of Record; Part VII, Section 603: Mortgage Assumptions; Servicing Announcement SVC-2013-09: Execution of Legal Documents***

With respect to assumption agreements, Fannie Mae is clarifying the following:

- If Fannie Mae is the owner of record (or mortgagee of record, as applicable) for the mortgage loan, the servicer must have an assignment of mortgage to execute the assumption agreement.
- If the servicer does not have an assignment of mortgage, it must prepare the assignment of mortgage and send it to Fannie Mae for execution.
- Once Fannie Mae returns the executed assignment of mortgage to the servicer, the servicer is authorized to execute the assumption agreement.
- For the following transactions, the servicer must send the original recorded assumption agreement (not a copy) to the applicable document custodian:
  - transfers subject to state law restrictions, or
  - conventional mortgage loans with due-on-sale provision.

The servicer must complete a mortgage assumption as outlined in the *Servicing Guide* for each type of mortgage loan and record the assumption agreement if required by applicable law; there are additional procedural requirements in the *Guide* that the servicer must adhere to based on the type of mortgage loan, jurisdiction, and type of document being executed.

## Releases of Security and Executing Legal Documents

### ***Servicing Guide, Part III, Section 709: Executing Legal Documentation; Servicing Announcement SVC-2013-09: Execution of Legal Documents***

Fannie Mae is revising its policy to state that a servicer without a limited power of attorney or without the authority to execute documents for partial releases of security on Fannie Mae's behalf must send the documents for any release of security to Fannie Mae's Loss Mitigation Department for execution.

As a reminder, in addition to situations where Fannie Mae requires the servicer to submit an *Application for Release of Security* ([Form 236](#)) to Fannie Mae's Loss Mitigation department for approval, the servicer must direct inquiries related to the following activities to the Loss Mitigation department as well:

- *Applications for Release of Security,*
- substitutions of security,
- determination of application of proceeds when a partial taking of property after foreclosure proceedings have been initiated, and
- requests to waive the noteholder's rights to receive certain notifications or to consent to any changes in the provisions of the legal documents for a condo, co-op, or PUD project.

Fannie Mae is clarifying that the Loss Mitigation department is the appropriate point of contact for the foregoing activities for mortgage loans in bankruptcy.

## Substitution of Trustee

### ***Servicing Guide, Part VIII, Section 107: Conduct of Foreclosure Proceedings***

As a reminder, when Fannie Mae has granted the servicer its limited power of attorney to execute substitutions of trustees on Fannie Mae's behalf, the servicer generally must execute any required substitutions of trustees. However, if state law or customary practice prohibits an attorney-in-fact from executing substitutions of trustees, the servicer must submit the substitution of trustee documents to Fannie Mae for execution before the foreclosure proceedings begin.

## Document Preparation Update for Mortgage Releases

This Announcement describes the following policy updates and reminders:

- allowing third-party vendors to prepare Mortgage Release documents, and
- Mortgage Release documentation preparation services

### ***Effective Date***

The policies in this Announcement are effective for all new Mortgage Releases completed by the servicer after October 15, 2014.

## Allowing Third-Party Vendors to Prepare Mortgage Release Documents

***Servicing Guide Part VII, Section 606: Deeds-in-Lieu of Foreclosure; Part VIII, Section 201: Conveyance Documents; Section 106.04: Attorney (or Trustee) Fee; Servicing Announcement SVC-2012-22: Default-Related Legal Services; Servicing Announcement SVC-2014-08: Miscellaneous Servicing Policy Updates***

Fannie Mae is updating its policy to allow third party vendors to prepare documentation for a Mortgage Release. The third party vendor is not required to be an attorney selected and retained pursuant to Servicing Announcement SVC-2012-22: *Default-Related Legal Services*.

The servicer must select qualified, experienced vendors to complete the services related to this activity. As a reminder, servicers must have policies and procedures in place to ensure that all third-party vendors used by the servicer are fully compliant with applicable law and the requirements of the *Servicing Guide* (where applicable), and must perform annual quality control tests accordingly.

## Mortgage Release Documentation Preparation Services

***Servicing Guide, Part VII, Section 606: Deeds-in-Lieu of Foreclosure***

For each completed Mortgage Release, Fannie Mae will reimburse the servicer up to \$400 for services related to preparing the Mortgage Release documentation, as long as the amounts are actual, reasonable, and necessary. An expense reimbursement request associated with preparing documentation for a Mortgage Release must contain sufficient description and/or supporting documentation to enable Fannie Mae to properly evaluate the request for reimbursement.

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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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National Servicing Organization