



Servicing Guide Announcement SVC-2016-09

October 19, 2016

Servicing Guide Updates

The *Servicing Guide* has been updated to include changes related to the following:

- Remitting Duplicate MI Premium Refunds *
- Protecting Property Interest After Foreclosure Sale
- Clarification of Non-Recoverable Expenses Related to Reinstatements and Payoffs
- Promissory Note (Form 190) Updates *
- Servicing eMortgages *

*Policy change not applicable to reverse mortgage loans.

Each of these updates is described below. The servicer must review each topic in the *Servicing Guide* in its entirety to gain a full understanding of the policy change(s).

Remitting Duplicate MI Premium Refunds

As a result of finalized requirements for MI companies to insure mortgage loans delivered to Fannie Mae, we have developed a process to identify and reconcile MI premiums refunds. *Servicing Guide* [F-1-06, Expense Reimbursement](#) has been updated to require the servicer to remit duplicate MI premium refunds to Fannie Mae through the Cash Remittance System (CRS) using the 370 receipt code within 30 days of Fannie Mae’s request in instances where Fannie Mae has determined the servicer received an MI premium refund from the mortgage insurer as well as reimbursement of the MI premium from Fannie Mae.

Effective Date

Fannie Mae will begin quarterly billing to request remittance of reimbursed funds on or after December 1, 2016 for liquidations that occurred on or after January 1, 2016.

Protecting Property Interest After Foreclosure Sale

The *Servicing Guide* has been updated to clarify the servicer’s responsibilities related to cancelling property insurance and managing the property after a foreclosure sale as shown in the following table.

✓	Following a third-party sale, the servicer must...
	Continue performing services necessary to protect Fannie Mae’s interest in a property until the later of <ul style="list-style-type: none"> • the date the foreclosure is completed (including receipt of funds), or • the date the court confirms or ratifies the sale, if applicable.
	Cancel property insurance within 14 days of the same applicable date.

For a property acquired by Fannie Mae through foreclosure sale where title transfer to Fannie Mae is still pending, the servicer must follow existing *Servicing Guide* requirements for managing acquired properties. Fannie Mae does not impose different policy requirements for managing an acquired property in this circumstance.



In an effort reorganize related content, the topic that was previously *Servicing Guide* [E-3.5-03, Inspecting Properties Post-Foreclosure Sale](#) has been moved to *Servicing Guide* [E-4.3-02, Inspecting Properties Post-Foreclosure Sale](#). There were no changes made to the policies and requirements within this topic with its relocation.

Effective Date

The new policy is effective for all mortgage loans with a foreclosure sale on or after February 1, 2017.

Clarification of Non-Recoverable Expenses Related to Reinstatements and Payoffs

Servicing Guide [E-5-05, Prorated Attorney Fees / Reimbursement of Uncollected Fees, Costs or Advances](#) has been updated to clarify the servicer's responsibilities related to the collection of legal fees, costs, escrow and corporate advances in connection with reinstatements and payoffs. As a result of recent court decisions, Fannie Mae expects that the servicer will make more reimbursement requests for such expenses which the servicer was not legally permitted to include on reinstatement or payoff quotes because the expenses had not been actually incurred at the time the reinstatement or payoff quote was issued.

This update

- provides guidance on the steps the servicer must take to minimize the amount of uncollected fees, costs, escrow and corporate advances, and
- clarifies that Fannie Mae will reimburse the servicer for such items in accordance with the existing provisions of *Servicing Guide* [E-5-05, Prorated Attorney Fees / Reimbursement of Uncollected Fees, Costs or Advances](#) and *Servicing Guide* [F-1-06, Expense Reimbursement](#).

Effective Date

The servicer is encouraged to implement these policy changes immediately, but must implement these changes by February 1, 2017.

Promissory Note (Form 190) Update

The *Promissory Note Model Form* ([Form 190](#)) has been updated with additional instructions that provide Fannie Mae's vendor Dyck O'Neal, Inc. the information required to set up a promissory note.

Effective Date

The servicer is encouraged to implement this policy change immediately; but must implement the change by December 1, 2016.

Servicing eMortgages

The *Servicing Guide* has been updated to incorporate the servicing-related policies of the eMortgage Guide.

Additionally, a new procedure, *Servicing Guide* [F-1-38, Servicing eMortgages](#) has been created to, in part, provide instructions on how to process an eMortgage consolidation, extension and modification agreement (CEMA). See the Attachment to this Announcement for a list of updated topics and further explanation of how content was mapped into the *Servicing Guide*.

Effective Date

The servicer must implement the change related to processing a CEMA immediately.



Please contact your Servicing Consultant, Portfolio Manager, or Fannie Mae's Single-Family Servicing, Servicer Support Center at 1-800-2FANNIE (1-800-232-6643) with any questions regarding this Announcement.

Malloy Evans
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Attachment

Project	Updated <i>Servicing Guide</i> Topics
eMortgage Updates	<ul style="list-style-type: none"> ▪ A1-1-02, Application and Approval of Seller/Servicer ▪ A2-1-04, Note Holder Status for Legal Proceedings Conducted in the Servicer's Name ▪ A2-1-06, Subservicing ▪ A2-2-03, Prohibited Refinance Practices ▪ A2-5.1-02, Overview of Individual Mortgage Loan Files and Records ▪ A2-5.2-01, Storage of Individual Mortgage Loan Files and Records ▪ A2-5.2-03, Retention and Storage of Individual Mortgage Loan Files and Records ▪ A2-6-04, Operational Requirements Applicable to All Document Custodians ▪ A2-7-03, Post-Delivery Servicing Transfers ▪ F-1-12, Processing Mortgage Loan Payments and Payoffs ▪ F-1-14, Post-Delivery Servicing Transfers ▪ F-3-05, Glossary of Fannie Mae Terms: E ▪ D2-3.2-05, Fannie Mae Standard Modification ▪ D2-3.2-07, Fannie Mae HAMP Modification ▪ D2-3.2-08, Fannie Mae Streamlined Modification ▪ D2-3.2-09, Fannie Mae Streamlined Modification Post Disaster Forbearance ▪ D2-3.2-10, Fannie Mae Cap and Extend Modification for Disaster Relief ▪ D2-3.2-11, Fannie Mae MyCity Modification
	Impacted Forms
	<ul style="list-style-type: none"> ▪ eMortgage Servicer Questionnaire (Form 196) ▪ Fannie Mae eNote Transfer of Control Request (Form 197)



eMortgage Guide Section	<i>Servicing Guide Topic</i>
6.1. Overview	<ul style="list-style-type: none">▪ A1-1-02, Application and Approval of Seller/Servicer▪ A2-5.2-01, Storage of Individual Mortgage Loan Files and Records
6.2.1. Identifying and Monitoring eMortgage Loans	<ul style="list-style-type: none">▪ A2-5.2-01, Storage of Individual Mortgage Loan Files and Records
6.2.2. Foreclosure Proceedings	<ul style="list-style-type: none">▪ F-1-38, Servicing eMortgages
6.2.3. Producing the eNote for Legal Proceedings	<ul style="list-style-type: none">▪ F-1-38, Servicing eMortgages▪ A2-1-04, Note Holder Status for Legal Proceedings Conducted in the Servicer's Name
6.2.4. eMortgage Payoffs	<ul style="list-style-type: none">▪ F-1-12, Processing Mortgage Loan Payments and Payoffs
6.2.6. Servicing Transfers	<ul style="list-style-type: none">▪ A2-7-03, Post-Delivery Servicing Transfers
6.2.7. Sub-servicing eNotes	<ul style="list-style-type: none">▪ A2-1-06, Subservicing
6.2.8. Modifications to eNotes	<ul style="list-style-type: none">▪ F-1-38, Servicing eMortgages
6.2.9. Refinancing an Existing Fannie Mae eNote Using a New York Consolidated and Modification Agreement (CEMA)	<ul style="list-style-type: none">▪ F-1-38, Servicing eMortgages