



Servicing Guide Announcement SVC-2016-11

December 14, 2016*

**reposted January 13, 2017*

Servicing Guide Updates

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

- Verifying Master Project Insurance**
- Maximum Allowable Foreclosure Attorney Fees for Judicial States**
- Servicing Fees for Redeemed Mortgage Loans and Third-Party Foreclosure Sales***

** Policy change not applicable to HECM mortgage loans.

*** 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).

Verifying Master Project Insurance

As a result of servicer feedback and working together with our servicer partners, *Servicing Guide* [B-2-03, Property Insurance Requirements for Mortgage Loans Secured by a Unit in a PUD, Condo, or Co-op](#), has been updated to provide alternatives to obtaining annual evidence of a master insurance policy from the HOA or COA for properties located in a PUD, Condo, or Co-op project. As an alternative, the servicer is now authorized to maintain either

- a blanket insurance policy which covers Fannie Mae PUD, condo, or co-op mortgage loans serviced by the servicer, with premiums borne by the servicer as a corporate expense, or
- an insurance policy maintained by the servicer which provides “walls-in” as well as loss assessment coverage as needed in the event of an uninsured loss for all Fannie Mae PUD, condo, or co-op mortgage loans serviced by the servicer.

Note: *These alternatives do not apply to obtaining annual evidence of an HO-6 policy, when applicable.*

The servicer must ensure that the master insurance coverage or policies it maintains for all units in a PUD, condo, or co-op project meets the requirements outlined in the *Servicing Guide*.

This change only applies to ongoing verification of insurance over the life of the mortgage loan. The seller must still verify the existence of master insurance coverage at the time the mortgage loan is sold to Fannie Mae. Furthermore, master insurance policies which are maintained by the HOA or COA and insure unaffiliated projects continue to be prohibited.

Note: *The servicer of a Home Keeper mortgage loan is authorized to use the alternatives for obtaining evidence of a master insurance policy.*

Effective Date

The servicer is authorized to implement these policy changes at its discretion and at a time of its choosing.



Maximum Allowable Foreclosure Attorney Fees for Judicial States

The [Allowable Foreclosure Attorney Fees Exhibit](#) has been updated to reflect a change to the maximum allowable foreclosure fee for Fannie Mae mortgage loans secured by properties in the following jurisdictions:

Connecticut	Louisiana	Pennsylvania
Delaware	Maine	Puerto Rico
District of Columbia	Massachusetts	South Carolina
Florida	New Jersey	South Dakota
Illinois	New Mexico	Vermont
Indiana	North Dakota	Virgin Islands
Iowa	Ohio	Wisconsin
Kansas	Oklahoma	
Kentucky	Oregon	

Effective Date

The new fees apply to all matters referred to counsel for initiation of foreclosure proceedings, regardless of referral date, as long as the matter is still active as of December 14, 2016. The servicer is encouraged to implement the new fees for the impacted files as soon as possible, but must do so no later than April 1, 2017. The servicer may exercise reasonable discretion in determining how to implement the fees, including working as needed with the law firm or an applicable invoicing technology provider.

Servicing Fees for Redeemed Mortgage Loans and Third-Party Foreclosure Sales

Fannie Mae is clarifying that the servicer is authorized to obtain its servicing fee compensation by deducting its fee from the amount remitted

- for a third-party foreclosure sale if sold for total indebtedness, or
- to redeem an acquired property if redeemed for total indebtedness.

As a result, the *Servicing Guide* [A2-3-01, Servicer Compensation](#) has been updated.

Effective Date

The servicer is encouraged to implement this policy change immediately; but must implement the change by February 1, 2017.

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
Vice President
Single-Family Servicing