

Fair Servicing Best Practices



As part of our Equitable Housing Finance Plan, Fannie Mae is committed to promoting servicer awareness of fair servicing best practices. Throughout 2023, we conducted outreach with servicers and consumer advocacy groups to learn more about their efforts to ensure fair servicing. This resource is intended to:

- ① Describe insights on fair servicing from over thirty entities including consumer advocacy groups and mortgage servicers with varying business models and portfolio sizes, and
- ② Provide links to resources on fair servicing.

Fair servicing includes an expectation that all borrowers are treated consistently and fairly throughout the loan servicing process. It includes compliance with fair lending and housing laws and other applicable consumer protection laws. A fair servicing framework should be built into all aspects of a servicing organization using data driven insights to identify disparities and mitigate risks through purposeful and meaningful actions.

The information in this document is not an exhaustive list and the insights provided were not identified by every organization that was interviewed. The information should not be construed as indicating Fannie Mae's expectations or requirements. The document is for informational purposes only and contains material some servicers may want to consider, as applicable. We expect servicers to comply with our contractual requirements including those described in the Servicing Guide and all applicable laws and regulations, including the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act. Servicers should consult their legal counsel with questions regarding compliance with law.

Insights to Fair Servicing

Servicers and consumer advocacy groups shared with Fannie Mae the following thoughts to consider when developing a fair servicing best practices framework. We have grouped the insights by theme:



Training

- While it is understood that training for compliance with Fannie Mae's requirements and applicable laws and regulations is required, consider providing customized fair servicing training for employees by specific job function or role.
- Regularly review and update fair servicing training material to address new and emerging fair servicing risks.
- Consider leveraging specialized vendors to provide employee fair servicing training.



Risk/Compliance

- Ensure proper controls are in place to protect sensitive fair lending and servicing data elements from those within an organization that do not have direct responsibility for the data.
- Consider adopting the three lines of defense framework for fair servicing.
- Implement system controls for areas of the process that may be more susceptible to fair servicing risk such as loss mitigation exceptions, non-sufficient fund (NSF) restrictions, and fee waivers.
- Incorporate questions or checks in Quality Control (QC) process flows designed to identify potential fair servicing risk.
- Create leadership awareness of fair servicing insights.
- Consider using specialized QC vendors to enhance fair servicing QC framework.



Policies and Procedures

- Regularly review and enhance policies and procedures to minimize discretion, provide clear objective requirements related to loan servicing, and address waiver, exception, and escalation processes.
- Follow Fannie Mae's loss mitigation evaluation hierarchy to reduce risk associated with Fannie Mae mortgage loans.
- Clearly define and enforce policies and procedures that prohibit discrimination within the organization.
- Review fair servicing policies and procedures with legal, risk, and compliance teams, as applicable.
- Consider adopting policies and procedures that address second level reviews on every denied case in loss mitigation.
- When addressing consumer complaints, create management level escalation protocols for consumers claiming discrimination and/or unfair servicing practices.



Monitoring/Testing

- Implement data analyses and QC process to detect and monitor servicing functions including fees assessed, loss mitigation outcomes, property preservation, foreclosure referrals and foreclosure completions to detect and address disparate outcomes.
- Schedule process area reviews and determine cadence based on risk that may require daily, weekly, monthly, annual or ad-hoc reviews.
- Access loan origination files and origination systems for gaps in fair servicing data.
- Consider incorporating speech analytics to identify and remediate risks and consumer engagement friction.
- Review results of monitoring and testing with executive leadership and board members to promote transparency and accountability.
- Implement testing after software and policy and procedure changes to limit fair servicing risk.
- Explore using specialized vendors to assist in monitoring and testing for compliance with fair servicing requirements.





Governance

- Adopt a company culture focused on fair servicing.
- Incorporate a fair servicing review into all change management processes.
- Clearly define stakeholders who are responsible for developing and implementing a fair servicing framework.
- Utilize consumer complaint process, tracking, and escalation related to fair servicing risks.
- Master servicers that utilize sub-servicers should consider creating and defining roles and expectations for sharing fair servicing insights and analytics.
- Review and oversee vendors that support servicing activities to validate that they follow a fair servicing framework.
- Ensure call monitoring policies and procedures are followed consistently and consider similar monitoring of digital engagement with consumers.



Remediation

- When remediating risks, ensure root cause analysis is the first step prior to creating actions to prevent similar events from reoccurring.
- Plan and proactively budget for enhanced processes, technology, and resources that will effectively mitigate future fair servicing risks.
- Deploy consumer surveys and incorporate consumer feedback into remediation action plans.
- Conduct ongoing testing and validation of process changes and remediation to ensure identified fair servicing risk has been adequately addressed.



Consumer support and Limited English Proficiency (LEP)

- Implement multiple communication methods with consumers such as letter correspondence, phone, email, web portals, text, mobile app, etc.
- Utilize language line vendors or multilingual employees to support consumer communication.
- Provide websites, corresponding web materials, and consumer facing documents in multiple languages.
- Monitor call center activity to ensure adequate language support and resources.
- Review consumer complaints to identify trends by language needs.
- Use technology to identify a consumer's preferred language.
- Create and deploy language access plans: know and understand language needs and provide support accordingly.



Additional Resources

- [CFPB Issues Advisory Opinion on Coverage of Fair Lending Laws](#)
- [OCC Comptroller's Handbook Consumer Compliance Fair Lending](#)
- [CFPB Mortgage Examination Procedures Mortgage Servicing](#)
- [CFPB Supervision and Examination Process](#)
- [Interagency Fair Lending Examination Procedures](#)
- Fannie Mae [Selling Guide](#) and [Servicing Guide](#)
- [Fannie Mae's Workout Hierarchy](#)
- [FHFA Mortgage Translations](#)