

## Remitting and Reporting Short Sale (Action Code 71)

This job aid provides servicers with a brief overview for remitting short sale proceeds and reporting short sale activity on loans.

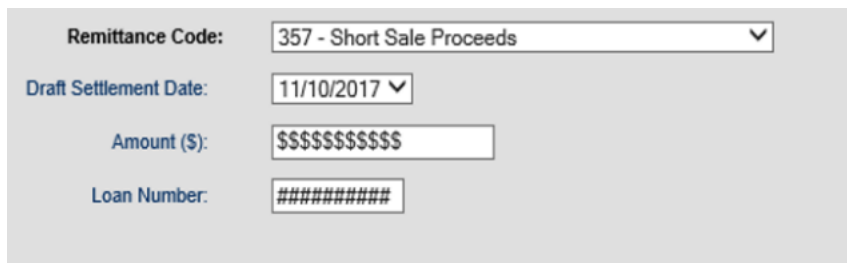
**Action Code 71** – Liquidation 3rd Party Sale/Condemnation/Preforeclosure Sale/Assigned to FHA/VA. Used to report a foreclosure sale where a third-party purchaser has acquired the property, when a condemnation of the property has occurred, or a preforeclosure sale has been approved. The Action Date is the date of the foreclosure sale, the date of the legal notice of condemnation, or for preforeclosure sale, the date the sale is final. The reported Last Paid Installment (LPI) date may be prepaid, current, or delinquent.

## Remitting Short Sale Proceeds

Fannie Mae requires servicers to remit the short sale proceeds to Fannie Mae within two business days of a servicer's receipt of the net sale proceeds, but no later than three business days after the short sale closing.

The list below includes important reminders for remitting short sale proceeds.

- Remit the short sale proceeds via the Cash Remittance System (CRS) using the special remittance code 357. Do not use code 001, 002, or 003 to remit short sale proceeds as this will cause errors.
- Be sure to include the Fannie Mae loan number where indicated.



The screenshot shows a remittance form with the following fields:

- Remittance Code:** A dropdown menu with "357 - Short Sale Proceeds" selected.
- Draft Settlement Date:** A date field with "11/10/2017" selected.
- Amount (\$):** A text field containing "\$\$\$\$\$\$\$\$\$\$".
- Loan Number:** A text field containing "#####".

- Borrower cash contributions and/or promissory note associated with short sale transactions are remitted using special remittance code 324 in addition to and separately from the short sale proceeds (357). **Note: All servicers must be aware of, and in full compliance with, all federal, state, and local laws relating to borrower contributions.**
- Short sale proceeds must not be applied on your system to reduce the unpaid principal balance of a loan as this will cause an error that impacts the accuracy of both the remittance and reporting to Fannie Mae.

## Reporting Short Sale Activity

Servicers must ensure that reporting is completed timely and accurately by submitting a Loan Activity Report (LAR) in LSDU. Review LSDU to confirm reporting of loan data.

The list below includes important reminders for submitting a LAR.

- Submit the LAR the next business day after processing the removal transaction on servicer's system.
- Report using Action Code 71. (Liquidated 3rd Party Sale/Condemnation/Preforeclosure Sale/Assigned to FHA/VA)
- Report an Action Date equal to the short sale date.
- Report remaining LAR fields based on the loan's specific remittance type (Actual/Actual, Scheduled/Actual, or Scheduled/Scheduled).



Refer to the LSDU for more information as needed.

For short sale remitting and reporting questions, contact [master\\_servicing@fanniemae.com](mailto:master_servicing@fanniemae.com). You may call 1-800-2-FANNIE (1-800-232-6643), option 1 (servicer), option 6 (investor reporting).

## **Additional Resources and Support**

For general questions on evaluating a loan for a liquidation, send an email to [servicing\\_solutions@fanniemae.com](mailto:servicing_solutions@fanniemae.com) or call 1-800-2-FANNIE (1-800-232-6643), option 1 (single family), option 3 (general servicing questions).

For specific information on a short sale case, send an email to [ream\\_short\\_sales\\_desk@fanniemae.com](mailto:ream_short_sales_desk@fanniemae.com).