

## ***Servicing Guide* Announcement SVC-2015-13**

October 14, 2015

### ***Servicing Guide* Updates**

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

- Updates to Short Sale Access Requirements
- Updates to Property Inspection Frequency
- Updates to Lender-Placed Insurance Requirements
- Revisions to Breach/Acceleration Letter Content Requirements
- Clarifications to Liquidation Action Code Descriptions
- Changes to Texas Section 50(a)(6) Modifications
- Changes to Requirements for Processing Modification Agreements
- Updates to Requirements for Unapplied Funds and Custodial Accounts
- Adjustments to Foreclosure Time Frames and Compensatory Fee Allowable Delays Exhibit
- Updates to Compensatory Fee Calculation Examples
- Changes to the Borrower Notification Sample Letter Exhibit

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).

#### **Updates to Short Sale Access Requirements**

*Servicing Guide* [D2-3.3-01, Fannie Mae Short Sale](#) has been updated to require the servicer to advise the borrower that he or she must allow the vendor(s) timely and sufficient access to the property for the purpose of obtaining a valuation.

##### ***Effective Date***

The servicer is encouraged to implement these policy changes immediately; but must implement the changes by December 1, 2015.

#### **Updates to Property Inspection Frequency**

*Servicing Guide* [D2-2-11, Requirements for Performing Property Inspections](#) has been updated to specify that when a property inspection is required every calendar month, the property inspections must occur between 20 and 35 days apart. However, the servicer must complete more frequent property inspections

when necessary (such as those required by local ordinance, in high vandal areas, based on property condition, or during winter months).

**Effective Date**

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

## Updates to Lender-Placed Insurance Requirements

*Servicing Guide* [B-6-01, Lender-Placed Insurance Requirements](#) has been updated to include new lender-placed (hazard) insurance deductibles determined by the amount of insurance coverage as follows:

- \$1,000 deductible for coverage amounts less than \$100,000;
- \$2,000 deductible for coverage amounts from \$100,000 up to and including \$250,000; and
- \$2,500 deductible for coverage amounts greater than \$250,000.

Lender-placed flood insurance, and lender-placed wind- or hail-only insurance policies are excluded from this requirement.

**Effective Date**

The servicer is encouraged to implement this change immediately; but must do so no later than July 1, 2016, to the extent permissible under applicable state insurance statutes and/or regulations for lender-placed insurance policies renewed or obtained on or after July 1, 2016.

## Revisions to Breach/Acceleration Letter Content Requirements

*Servicing Guide* [D2-2-06, Sending a Breach or Acceleration Letter](#) has been updated to no longer require that the servicer include the approximate date that foreclosure proceedings will begin in the breach or acceleration letter if the borrower does not cure the breach by the specified date.

**Effective Date**

The servicer is encouraged to implement this policy change immediately; but must implement the change by December 1, 2015.

## Clarifications to Liquidation Action Code Descriptions

*Investor Reporting Manual* [3-06, Reporting a Liquidation to Fannie Mae](#) has been updated to clarify the descriptions for use of action codes 70, 71, and 72.

**Effective Date**

The servicer is encouraged to implement this policy change immediately; but must implement the change by November 1, 2015.

## Changes to Texas Section 50(a)(6) Modifications

The *Servicing Guide* has been updated to allow the servicer to approve a mortgage loan modification for a Texas 50(a)(6) mortgage loan under a Fannie Mae Standard, Streamlined or HAMP Modification.

### **Updated Servicing Guide Topics**

- *Servicing Guide* [D2-3.2-05, Fannie Mae Standard Modification](#)
- *Servicing Guide* [D2-3.2-07, Fannie Mae HAMP Modification](#)
- *Servicing Guide* [D2-3.2-08, Fannie Mae Streamlined Modification](#)

### **Effective Date**

The servicer is encouraged to implement these policy changes immediately; but must implement the changes by December 1, 2015.

## Changes to Requirements for Processing Modification Agreements

The *Servicing Guide* has been updated where applicable to standardize how a servicer must process a loan modification agreement regardless of the type of conventional mortgage loan modification completed. For all conventional mortgage loan modifications:

- The servicer is not required to obtain the co-borrower's signature on the loan modification agreement when the co-borrower's signature is not obtainable (for example, mental incapacity or military deployment) as long as the servicer documents the reason for this exception.
- The servicer must preserve Fannie Mae's lien status when a mortgage loan is modified by amending, recording and/or filing a lien for all manufactured home loans where collateral documents exist but are not recorded in the land records.
- The servicer must adhere to the requirements for use of an "interim month" in determining the modification effective date.

Additionally, to improve content organization, the policy related to the allowable servicing fee after a conventional mortgage loan modification becomes effective was centralized to *Servicing Guide Part A*.

### **Updated Servicing Guide Topics**

- *Servicing Guide* [A2-3-02, Servicing Fees for Portfolio and MBS Mortgage Loans](#)
- *Servicing Guide* [F-1-17, Processing a Fannie Mae Cap and Extend Modification for Disaster](#)
- *Servicing Guide* [F-1-18, Processing a Fannie Mae HAMP Modification](#)
- *Servicing Guide* [F-1-20, Processing a Fannie Mae MyCity Modification](#)
- *Servicing Guide* [F-1-22, Processing a Fannie Mae Standard Modification](#)
- *Servicing Guide* [F-1-23, Processing a Fannie Mae Streamlined Modification Post Disaster Forbearance](#)
- *Servicing Guide* [F-1-24, Processing a Fannie Mae Streamlined Modification](#)
- *Servicing Guide* [D2-3.2-07, Fannie Mae HAMP Modification](#)

### **Effective Date**

The servicer is encouraged to implement these policy changes immediately; but must implement the changes by November 1, 2015.

## **Updates to Requirements for Unapplied Funds and Custodial Accounts**

- *Servicing Guide* [A4-1-02, Establishing Custodial Bank Accounts](#) has been updated to require the servicer to utilize T&I custodial accounts for all unapplied funds related to a Fannie Mae mortgage loan. Unapplied (suspense) funds include but are not limited to partial payments, unidentified funds, payment overages, payment shortages, rental income, and property (hazard) or flood insurance loss draft funds.
- *Servicing Guide* [B-5-01, Insured Loss Events](#) has been updated to require that, when depositing insurance loss proceeds, the interest-bearing account must be a T&I custodial account.
- *Servicing Guide* [F-1-03, Establishing and Implementing Custodial Accounts](#) has been updated as follows:
  - The servicer must actively monitor all unapplied funds held in T&I custodial accounts on a monthly basis by
    - conducting research to ensure unapplied funds are identified and applied as appropriate;
    - maintaining records of all research and contact efforts made to the borrower related to the funds, and if applicable, the corrective action needed and the expected date of resolution; and
    - determining whether any funds should be returned to the borrower, and if so, return funds to borrower in a timely manner.
  - All relevant documentation with regard to unapplied funds must be provided to Fannie Mae upon request.

The servicer is authorized to withdraw T&I funds from the T&I custodial account to remove funds due back to the borrower.

### **Effective Date**

The servicer is encouraged to implement these policy changes immediately; but must implement the changes by February 1, 2016.

## **Adjustments to Foreclosure Time Frames and Compensatory Fee Allowable Delays Exhibit**

The [Foreclosure Time Frames and Compensatory Fee Allowable Delays Exhibit](#) has been updated to reflect the maximum number of allowable days within which routine foreclosure proceedings are to be completed.

The maximum number of allowable days has been increased for the following jurisdictions: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Nevada, New Mexico, New Hampshire, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia, Wisconsin, and Wyoming.

**Effective Date**

The servicer must use the maximum number of allowable days retroactively for mortgage loans that became delinquent on or after August 1, 2015.

**Updates to Compensatory Fee Calculation Examples**

*Servicing Guide* [F-2-04, Compensatory Fee Calculation Examples](#), has been updated so that the compensatory fee calculation examples are based on the most recent foreclosure time frames and allowable delays.

**Effective Date**

The servicer must refer to this example for future use.

**Changes to the Borrower Notification Sample Letter Exhibit**

The [Fannie Mae Borrower Notification Sample Letter Exhibit](#) has been updated to revise the language regarding the acceptance and application of partial payment guidance. This is consistent with *Servicing Guide* [C-1.1-02, Processing Payment Shortages or Funds Received When a Mortgage Loan Modification Is Pending](#).

**Effective Date**

The servicer must use this new *Exhibit* immediately.

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The servicer should contact its Servicing Consultant, Portfolio Manager, or Fannie Mae's Credit Portfolio Management's Servicer Support Center at 1-888-FANNIE5 (1-888-326-6435) with any questions regarding this Announcement.

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