



Servicing Guide Announcement SVC-2019-02

April 10, 2019

Servicing Guide Updates

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

- Insurance Loss Proceeds Disbursements*
- Evaluating Property Damage After a Disaster Event for Current Mortgage Loans
- Allowable Foreclosure Fees for New Hampshire, Maine and Washington, and Fee Proration Related to Milestone Billing**
- Mortgage Electronic Registration Systems (MERS®) Policy Consolidation*
- Contact Information for Legal Document Execution
- Foreclosure Sale Date Clarifications
- Miscellaneous Revisions*

*Policy change not applicable to reverse mortgage loans.

**Policy change applies only to Home Keeper™ mortgage loans and is not applicable to Home Equity Conversion Mortgage (HECM) loans.

Insurance Loss Proceeds Disbursements

With [Lender Letter LL-2017-09R](#), we expanded our requirements for the disbursement of insurance loss proceeds for impacted properties located in a Federal Emergency Management Administration (FEMA)-declared disaster areas eligible for Individual Assistance on or after August 25, 2017. We are now incorporating these requirements into *Servicing Guide B-5-01, Insured Loss Events* and expanding these requirements to include any insured loss event regardless of cause.

Effective Date

Servicers are encouraged to implement these policy changes immediately, but must do so by July 1, 2019.

Evaluating Property Damage After a Disaster Event for Current Mortgage Loans

Currently, when a disaster event occurs, servicers are required to determine the extent and nature of damage to any property securing a mortgage loan. In response to servicer feedback and in an effort to provide servicers with greater flexibility and reduce the cost of servicing, we are updating the *Servicing Guide* to authorize, but no longer require, servicers to make contact attempts and perform property inspections for a mortgage loan that is current at the time of the disaster event and remains current following the disaster event. Servicers remain responsible for inspections and borrower outreach in accordance with existing *Servicing Guide* requirements if the mortgage loans subsequently become delinquent. [D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower](#) has been updated to reflect these changes.

We will continue to reimburse servicers for the cost of disaster inspections when necessary for both current and delinquent mortgage loans.

Effective Date

This policy change is effective immediately; however, servicers are authorized to implement this change at its discretion and at a time of their choosing.



Allowable Foreclosure Fees for New Hampshire, Maine and Washington, and Fee Proration Related to Milestone Billing

We are updating the [Allowable Foreclosure Attorney Fees Exhibit](#) to

- increase the maximum allowable foreclosure attorney fees for New Hampshire and Maine,
- add an additional \$200 allowable fee in Maine for processing a third-party foreclosure sale, and
- create a new allowable fee for Washington e-Note judicial foreclosure actions.

Also, *Servicing Guide* [E-5-05, Prorated Attorney Fees / Reimbursement of Uncollected Fees, Costs or Advances](#) is being updated to clarify that servicers must compensate the law firm for the amount of work actually performed if the foreclosure action is cancelled and not completed, regardless of whether the first or any subsequent milestone invoicing event has been reached. Servicers must ensure the fees are reasonably prorated to the services rendered.

Effective Date

These policy changes are effective as follows:

- The new allowable foreclosure 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 April 10, 2019.
- The Maine third-party foreclosure sale fee applies to third-party sales that take place on or after April 10, 2019.
- The fee proration clarification applies to the law firm's services invoiced on or after April 10, 2019. We are not requiring servicers to re-open and review compensation for matters in which a law firm's invoice was previously denied because the next milestone invoicing event had not yet been reached.

Servicers are encouraged to implement these policy changes as soon as possible, but must do so no later than July 1, 2019. Servicers may exercise reasonable discretion in determining how to implement the changes, including working as needed with the law firm or an applicable invoicing technology provider.

Mortgage Electronic Registration Systems (MERS) Policy Consolidation

Similar to prior consolidation efforts made to various topics throughout Part A of the *Selling and Servicing Guides*, we have consolidated shared requirements for sellers and servicers related to the use of MERS. Going forward, sellers/servicers may locate MERS content in one streamlined topic in Part B of the *Selling Guide*. The content has been removed from *Servicing Guide* [A2-8-01, Mortgage Electronic Registration System](#).

Effective Date

There are no policy changes associated with this consolidation of content; however, servicers must refer to *Selling Guide* B8-7-01, Mortgage Electronic Registration Systems (MERS), Inc., for this content immediately.

Contact Information for Legal Document Execution

Currently, our Custodian Oversight and Monitoring Operations handles document execution requests and inquiries related to satisfaction and discharges of paid-off mortgage loans and the Limited Power of Attorney (LPOA). To streamline operations, these activities are transitioning to our Single Family Credit Portfolio Management (SF CPM) Division. To reflect this change, we have updated the

- Fannie Mae address and titles in the LPOA form,
- Fannie Mae contact for document execution requests or inquiries, and
- purpose and contact information for our Custodian Oversight and Monitoring Operations and SF CPM Division.

Additionally, we have updated the Fannie Mae address to be used in instruments of record, including assignments of mortgages, foreclosure deeds, real estate owned deeds, and lien releases.



Updated *Servicing Guide* Topics

- [F-1-10, Obtaining and Executing Legal Documents](#)
- [F-4-03, List of Contacts](#)

Effective Date

Servicers are encouraged to implement these policy changes immediately, but must do so by July 1, 2019.

Foreclosure Sale Date Clarifications

Servicers are currently required to perform various responsibilities before or after the date of the foreclosure sale, such as submitting the REOgram to us within 24 hours of the foreclosure sale. Based on servicer feedback and to eliminate confusion, we are clarifying the servicer's responsibilities when, in applicable jurisdictions, the foreclosure is completed through a process under which title vests in us (or the servicer in appropriate cases) by operation of court order and there is no foreclosure sale. This could occur, for example, in a foreclosure-by-consent process or a strict foreclosure. In such instances, the servicer must use the date the court's order is entered on the docket, or the estimated court order docket date when applicable, in place of the foreclosure sale date.

With this change, we are also simplifying the REOgram submission process for servicers by eliminating the exception for Connecticut when the court orders a Foreclosure by Sale. This exception required servicers to wait to submit the REOgram until after the court approves the sale and issues the conveyance deed to us. Servicers must now submit the REOgram within 24 hours of the foreclosure sale for all foreclosures in Connecticut.

Updated *Servicing Guide* Topics

- [D2-2-10, Requirements for Performing Property Inspections](#)
- [D2-3.3-02, Fannie Mae Mortgage Release \(Deed-in-Lieu of Foreclosure\)](#)
- [E-3.2-05, Expected Servicer/Attorney Interaction During Foreclosure Proceedings](#)
- [E-3.3-01, Completing Preforeclosure Sale Review](#)
- [E-3.3-03, Inspecting Properties Prior to Foreclosure Sale](#)
- [E-3.4-01, Suspending Foreclosure Proceedings for Workout Negotiations](#)
- [E-3.4-02, Canceling the Foreclosure Sale for a Completed Workout](#)
- [E-3.5-01, Reclassifying or Removing MBS Mortgage Loans Post- Foreclosure](#)
- [E-4.1-01, Notifying Fannie Mae of an Acquired Property](#)
- [E-4.2-01, Completing Conveyance Documents](#)
- [E-4.3-01, Managing the Property Post-Foreclosure Sale](#)
- [E-4.3-02, Inspecting Properties Post-Foreclosure Sale](#)
- [E-4.4-01, Continuing or Canceling Property Insurance Coverage](#)
- [E-4.4-02, Remitting Property Insurance Settlement Proceeds or Unearned Premium Refunds](#)
- [E-4.4-03, Continuing or Canceling Flood Insurance Coverage](#)
- [F-1-06, Filing an MI Claim for a Liquidated Mortgage Loan or Acquired Property](#)

Effective Date

Servicers are encouraged to implement this policy change immediately, but must do so by July 1, 2019.

Miscellaneous Revisions

Custodial Accounts Update. As outlined in [F-1-03, Establishing and Implementing Custodial Accounts](#), the following have been updated to align with the language for how custodial accounts must be titled:

- Letter of Authorization for P&I Custodial Account ([Form 1013](#))
- Letter of Authorization for T&I Custodial Account ([Form 1014](#))



QAS Transition to LQC. In accordance with [Announcement SEL-2019-01](#), the *Servicing Guide* has been updated to remove references to the Quality Assurance System (QAS) in anticipation of the upcoming transition to Loan Quality Connect (LQC).

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

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