



Servicing Guide Announcement SVC-2017-10

November 8, 2017

Servicing Guide Updates

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

- Transfers of Ownership, Release of Liability, and Assumptions
- Falcon Code Receipts
- Miscellaneous Revision

Transfers of Ownership, Release of Liability, and Assumptions

Transfers of Ownership

As a result of flexibilities available for mortgage loans pooled in MBS under Fannie Mae's 2016 Single-Family Trust Agreement, we are removing the owner-occupancy requirement for transfers of ownership that are exempt from the due-on-sale (due-on-transfer) clause for mortgage loans purchased or securitized by Fannie Mae on or after June 1, 2016. For this same mortgage loan population, we will now also allow a post-origination transfer into a limited liability company (LLC) under certain conditions.

Release of Liability

To simplify servicing and provide even greater certainty for a release of liability, we are allowing servicers to use Desktop Underwriter[®] (DU[®]). The power of DU's comprehensive risk assessment, already used for millions of loan originations, can help servicers determine if a transferee's credit and financial capacity are acceptable to release the borrower of liability. The *Servicing Guide* contains information about how servicers can use DU for this process. It also provides the specific *Selling Guide* topics servicers must follow to determine acceptable creditworthiness. (Previously, we referred generally to the *Selling Guide*.)

Assumptions

Servicers are currently required to obtain our written approval for a loan assumption if the exempt transferee was not able to bring a delinquent mortgage loan current. With this update, if the servicer determines that a mortgage loan modification is an appropriate workout option for an exempt transferee, the servicer must

- review the transferee for a mortgage loan modification as if he or she was a borrower based on the requirements in the *Servicing Guide* and applicable law, and
- offer the transferee a Trial Period Plan if the transferee is eligible for a mortgage loan modification without obtaining prior written approval.

Additional Changes

We are also moving some content to reduce duplication and provide a more logical structure to the *Servicing Guide*:

- The special servicing fee requirements for a transfer of ownership, assumption, and release of liability have been moved from [D1-4.1-06, DELETED TOPIC: Charging Fees for Transfers of Ownership](#) to [A2-3-05, Fees for Special Services](#).
- *Allowing a Delinquent Mortgage Loan to Be Assumed* has been moved from [D1-4.2-02, Conventional Mortgage Loans That Include a Due-on-Sale \(or Due-on-Transfer\) Provision](#) to [D2-3.4, Other Workout Options to Assist a Borrower](#).

In addition, we have removed the requirement that servicers must notify us when a property is transferred in accordance with [D1-4.3-01, Transfers of Ownership on FHA and VA Mortgage Loans](#). Lastly, we have added or revised the



definitions for transfer of ownership, assumption, and release of liability in the Glossary to clarify the differences between these events.

Updated *Servicing Guide* Topics

- [A2-3-05, Fees for Special Services](#)
- [D1-4.1-02, Allowable Exemptions Due to the Type of Transfer](#)
- [D1-4.1-03, Allowable Exceptions Due to State Law Restrictions \(“Window-Period” Mortgage Loans\)](#)
- [D1-4.1-05, Enforcing the Due-on-Sale \(or Due-on-Transfer\) Provision](#)
- [D1-4.1-06, DELETED TOPIC: Charging Fees for Transfers of Ownership](#)
- [D1-4.2-01, Conventional Mortgage Loans that Do Not Include a Due-on- Sale \(or Due-on-Transfer\) Provision](#)
- [D1-4.2-02, Conventional Mortgage Loans That Include a Due- on-Sale \(or Due-on-Transfer\) Provision](#)
- [D1-4.3-01, Transfers of Ownership on FHA and VA Mortgage Loans](#)
- [F-1-26, Processing a Transfer of Ownership](#)
- [F-3-01, Glossary of Fannie Mae Terms: A](#)
- [F-3-18, Glossary of Fannie Mae Terms: R](#)
- [F-3-20, Glossary of Fannie Mae Terms: T](#)
- [F-4-03, List of Contacts](#)
- [D2-3.4-05, Qualifying Mortgage Assumption Workout Option](#)
- [F-1-37, Reviewing a Transfer of Ownership for a Release of Liability, Credit, and Financial Capacity Review](#)

Effective Date

Servicers are encouraged to implement these policy changes immediately, but must implement them by March 1, 2018.

Falcon Code Receipts

As a component of Simplifying Servicing™, we updated the Cash Remittance System (CRS) remittance codes. These new codes will enable transactions to be reported under unique remittance codes and minimize the need for additional clarification once remittance has occurred.

Updated *Servicing Guide* Topics

- [F-1-06, Expense Reimbursement](#)
- [F-1-07, Filing an MI Claim for a Liquidated Mortgage Loan or Acquired Property](#)
- [F-1-29, Remitting and Accounting to Fannie Mae](#)

Additionally, an updated CRS User Guide, containing all updated codes, definitions, and purpose, was published on November 1, 2017.

Effective Date

These policy updates are effective immediately.

Miscellaneous Revision

In response to inquiries related to the recent disaster events, we have reorganized the requirements in *Servicing Guide* Chapter D1-3, Providing Assistance to a Borrower Impacted by a Disaster Event, to increase clarity and certainty for our customers.

Updated *Servicing Guide* Topics

- [D1-3-01, Evaluating the Impact of a Disaster Event and Providing Relief to a Borrower](#)
- [D1-3-02, DELETED TOPIC: Providing Relief to a Borrower Who Is Affected by a Disaster](#)



Contact your Customer Delivery 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.

Carlos T. Perez
Senior Vice President and
Chief Credit Officer for Single-Family