



Servicing Guide Announcement SVC-2018-04

June 13, 2018

Servicing Guide Updates

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

- Forbearance Workout Options*
- Reimbursement of Escrow Advances*
- SCRA Reporting*
- Establishment of Drafting Arrangements for Custodial Funds
- Vacancy Notice Posting Reimbursement
- Miscellaneous Revisions

*Policy change not applicable to reverse mortgage loans.

Forbearance Workout Options

In alignment with Freddie Mac and at the direction of the Federal Housing Finance Agency, we are simplifying our forbearance policies by introducing a new consolidated forbearance plan. This update will make it easier for servicers to assist borrowers who are experiencing a short-term hardship and simplify servicing by improving operational efficiency.

We have updated our *Guide* to streamline our current forbearance plan workout options into a single policy, including forbearance plans related to unemployment, unique hardships, military indulgence, and disaster events, and to simplify our policy on disaster assistance.

Updated *Servicing Guide* Topics

- [A4-1-01, Staffing, Training, Procedures, and Quality Control Requirements](#)
- [B-1-01, Administering an Escrow Account and Paying Expenses](#)
- [C-4.1-02, Suspending Credit Bureau Reporting](#)
- [D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower](#)
- [D2-3.2-01, Forbearance Plan](#)
- [D2-3.2-02, DELETED TOPIC: Forbearance Plan for an Unemployed Borrower](#)
- [D2-3.2-03, DELETED TOPIC: Forbearance Plan for a Unique Hardship](#)
- [D2-3.2-09, Fannie Mae Flex Modification](#)
- [D2-3.4-01, Military Indulgence](#)
- [F-1-17, DELETED TOPIC: Processing a Forbearance Plan](#)
- [F-1-24, Reporting a Delinquent Mortgage Loan via Fannie Mae's Servicing Solutions System](#)
- [F-2-02, Incentive Fees for Workout Options](#)
- [F-2-11, Fannie Mae's Workout Hierarchy](#)
- [F-3-06, Glossary of Fannie Mae Terms: F](#)



- [F-3-13, Glossary of Fannie Mae Terms: M](#)
- [F-4-01, References to Fannie Mae's Website](#)
- [F-4-03, List of Contacts](#)

Effective Date

Servicers are encouraged to implement these policy changes immediately, but must implement them no later than December 1, 2018. Once implemented, servicers must evaluate borrowers for a forbearance plan in accordance with this policy.

NOTE: *Forbearance plans that were entered into prior to the servicer's implementation would adhere to existing policy until the expiration of such forbearance plan.*

Reimbursement of Escrow Advances

To improve our servicers' experience and reduce complexities in the expense reimbursement process, we are clarifying the policy for reimbursing escrow advances. Fannie Mae will reimburse real estate taxes and flood and property insurance premiums that the servicer advances to protect our interest in the property when funds in the escrow account are not sufficient to cover these payments. This will also apply to non-escrowed mortgage loans. These advances will be eligible for reimbursement without regard to when it was paid in conjunction with the last paid installment date. Such escrow advances are reimbursable even if the expenses were incurred prior to the mortgage loan becoming delinquent. However, for the servicer to request reimbursement for these expenses, the mortgage loan must have subsequently become delinquent.

Also, we no longer bill servicers for unearned property or flood insurance premium refunds owed to Fannie Mae, and therefore we are removing any reference to this billing process from the *Guide*.

Updated Servicing Guide Topics

- [E-4.4-02, Remitting Property Insurance Settlement Proceeds or Unearned Premium Refunds](#)
- [E-4.4-04, Remitting Flood Insurance Settlement Proceeds or Unearned Premium Refunds](#)
- [F-1-05, Expense Reimbursement](#)

Effective Date

The policy changes related to the expense reimbursement process will become effective for reimbursement requests submitted on or after August 1, 2018, and will apply to escrow advances incurred on or after January 1, 2018. The change related to the billing process is effective immediately.

SCRA Reporting

We are clarifying the requirement in [F-1-22, Processing Military Indulgence](#) regarding when servicers must notify us that it has placed a mortgage loan under military indulgence. Currently, we require the servicer to notify us using the Servicemembers Civil Relief Act (SCRA) Reporting and Disbursement Request Form ([Form 1022](#)) for any portfolio or pooled from portfolio mortgage loan when it places a mortgage loan under military indulgence. We are amending this requirement to clarify that the servicer must only submit Form 1022 to Fannie Mae when it

- reduces the servicemember's interest rate;
- puts other forms of military indulgence into effect that changes the servicemember's payment;
- changes the servicemember's payment, if the interest subsidy amortization method is used; or



- changes the interest rate back to its pre-military interest rate (or the applicable adjusted rate, for an ARM).

Effective Date

Servicers are encouraged to implement this policy change immediately, but must implement the change by August 1, 2018.

Establishment of Drafting Arrangements for Custodial Funds

The *Selling Guide* was updated with [Announcement SEL-2018-01](#) on January 30, 2018 to redesign and simplify the process of submitting an executed *Certificate of Authority, Incumbency, and Specimen Signatures (Form 360)*. This form is now the sole document used to validate signatures on Forms [482](#) and [1072](#). [F-1-03, Establishing and Implementing Custodial Accounts](#), has now been updated to reflect the use of the revised Form 360.

The [Reverse Mortgage Loan Servicing Manual](#) 2-05, Establishing Custodial Bank Accounts, has been updated to mirror the applicable changes to the *Servicing Guide*.

Effective Date

These policy changes are effective immediately.

Vacancy Notice Posting Reimbursement

To better serve our customers and align our reimbursement policy with industry best practice, we have updated [F-1-05, Expense Reimbursement](#), with a new \$10 reimbursement limit for a one-time vacancy notice posting for any servicer that chooses to post such a notice in accordance with the guidelines in the [Property Preservation Matrix and Reference Guide](#).

Effective Date

This policy update is effective for any vacancy notice posted on or after June 13, 2018.

Miscellaneous Revisions

Part A Consolidation. The Master Terms and Conditions of the Software Subscription Agreement was updated by [Master Terms and Conditions Bulletin 18-01](#) on April 1, 2018 and has been incorporated into the *Selling Guide* as an Exhibit, E-2-04, Software Subscription Agreement Master Terms and Conditions. Reference to this Agreement within the *Servicing Guide* has been updated.

Incorporation of Imminent Default Evaluation for a Conventional Mortgage Loan Modification*. We have incorporated the imminent default evaluation used for determining eligibility for a conventional mortgage loan modification introduced with [LL-2017-08](#) on October 11, 2017 into the *Guide*.

Updated *Servicing Guide* Topics

- [D2-1-01, Determining if the Borrower's Mortgage Payment is in Imminent Default](#)
- [D2-1-02, DELETED TOPIC: Using Freddie Mac's Imminent Default Indicator](#)
- [F-1-12, Preparing to Implement a Workout Option](#)
- [F-3-06, Glossary of Fannie Mae Terms: F](#)
- [F-4-01, References to Fannie Mae's Website](#)



- [F-4-02, Acronyms and Abbreviations](#)

Effective Date for Imminent Default Evaluation for a Conventional Mortgage Loan Modification

Servicers must begin evaluating borrowers for imminent default for a conventional mortgage loan modification using the new imminent default evaluation no later than July 1, 2018.

Highlighted Servicing Guide. Beginning with this *Guide* update, we are providing a highlighted version of the *Servicing Guide* PDF to enable a simple way to quickly identify the most recent significant updates made to the *Guide*. The highlighted PDF is intended to be used as a companion tool in conjunction with your review of the corresponding *Servicing Guide* announcement. The applicable topic titles and edited paragraphs are highlighted in yellow to help you identify where changes were made. Servicers are responsible for knowing the full content of the *Servicing Guide* and its updates and should not rely on the highlighted text alone as a complete picture of the current changes or status of the *Guide* contents.

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.

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