

Servicing Guide Announcement SVC-2014-17

October 1, 2014

Miscellaneous Servicing Policy Updates

This Announcement describes the following policy updates and clarifications related to:

- Fannie Mae Streamlined Modification,
- Modification Eligibility for Mortgage Loans Subject to Active Nonroutine Litigation,
- Conduct of Foreclosure Proceedings, and
- Delinquency Status Code Definitions.

Fannie Mae Streamlined Modification

Servicing Guide Announcements SVC-2014-05: Fannie Mae Standard Modification and Streamlined Modification Updates and SVC-2013-05: Streamlined Modifications, Conventional Mortgage Loan Modifications, and Outbound Communications

Fannie Mae is removing the requirement that a mortgage loan must be no more than 720 days delinquent to be eligible for a Streamlined Modification. Any mortgage loan otherwise eligible for a Streamlined Modification, but previously excluded because of the 720-day eligibility exclusion, must be evaluated for a Streamlined Modification. If found to be eligible, the servicer must send the borrower a Streamlined Modification offer within 15 days of the servicer's determination of eligibility for a Streamlined Modification. A sample Streamlined Modification offer notice, titled Streamlined Modification Trial Period Plan Notice, is available in the [Evaluation Model Clauses](#), which is posted to Fannie Mae's website.

As a reminder, continued proactive solicitation for a Streamlined Modification is subject to servicer discretion. The servicer is encouraged to continue Streamlined Modification solicitation and collection efforts throughout the mortgage loan's delinquency and the foreclosure process. These efforts include solicitation and collection attempts up to 60 days prior to a foreclosure sale date for mortgage loans secured by properties in judicial foreclosure states, or up to 30 days prior to a foreclosure sale date for mortgage loans secured by properties in non-judicial foreclosure states, unless the servicer:

- has established direct contact with the borrower and the borrower does not want to pursue an alternative to foreclosure, or
- has evaluated the borrower for alternatives to foreclosure in accordance with the *Servicing Guide* and determined that foreclosure is the appropriate course of action.

Modification Eligibility for Mortgage Loans Subject to Active Nonroutine Litigation

Servicing Guide, Part VIII, Section 101: Routine vs. Nonroutine Litigation; Servicing Guide Announcements SVC-2014-05: Fannie Mae Standard Modification and Streamlined Modification Updates; SVC-2013-16: Updates to Assistance in Disasters; and SVC-2013-05: Streamlined Modifications, Conventional Mortgage Loan Modifications, and Outbound Communications

Currently, Streamlined Modification, Streamlined Modification Post Disaster Forbearance, and Cap and Extend Modification for Disaster Relief that are subject to active nonroutine litigation as described in the *Servicing*

Guide are ineligible. Fannie Mae recognizes that the above-mentioned modifications may, under certain circumstances, be an appropriate workout solution for resolving nonroutine litigation. As such, Fannie Mae is now removing the nonroutine eligibility exclusion from these modifications. When offering one of these modifications, the servicer must first inform its retained outside counsel of its proposal to offer the modification and provide counsel with sufficient opportunity in advance of the solicitation to review and provide comments in connection with the modification solicitation.

Effective Date

Servicers are encouraged to implement the above policy changes immediately; however, servicers are required to implement these policies no later than December 1, 2014.

Conduct of Foreclosure Proceedings

Servicing Guide, Part VIII, Section 107: Conduct of Foreclosure Proceedings

The *Servicing Guide* currently authorizes servicers to conduct foreclosure proceedings in Fannie Mae's name in certain jurisdictions to avoid the imposition of a transfer tax. The jurisdictions specifically identified in Part VIII, Section 107 are Rhode Island, New Hampshire, and Orleans Parish, Louisiana. With this Announcement, Fannie Mae is adding Maine to the list of specifically-identified jurisdictions.

If a servicer believes that a foreclosure proceeding must be conducted in Fannie Mae's name in any other jurisdiction to prevent the imposition of a transfer tax, the servicer must contact the Fannie Mae Legal Department via nonroutine_litigation@fanniemae.com for permission to do so. This policy change is effective immediately.

Delinquency Status Code Definitions

Fannie Mae has updated the [Delinquency Status Code Hierarchy and Definitions](#) document on Fannie Mae's website with the following changes:

- delinquency status code 15 name is now Short Sale Approved/Marketing Property,
- delinquency status code 17 name is now Short Sale Approved/Offer Received, and
- several delinquency status code descriptions have been clarified.

Effective Date

These updated delinquency status code names and descriptions will become effective for the May 2015 delinquency status code reporting cycle for the April 2015 activity.

Servicers should contact their Servicing Consultant, Portfolio Manager, or Fannie Mae's National Servicing Organization's Servicer Support Center at 1-888-FANNIE5 (1-888-326-6435) with any questions regarding this Announcement.

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