

## Servicing Guide Announcement SVC-2013-22

October 30, 2013

### Miscellaneous Servicing Policy Changes

This Announcement describes servicing policy changes and updates for the following:

- Blanket or master insurance policy coverage of multiple unaffiliated projects
- Payment of principal forbearance for mortgage loan modifications
- Updates to property inspection reimbursements and requirements
- Acknowledgment of escalated cases
- Maintaining lender eligibility

Unless otherwise stated, all policy changes are effective immediately.

### Blanket or Master Insurance Policy Coverage of Multiple Unaffiliated Projects

#### ***Servicing Guide Announcement SVC-2011-23: Condominium Insurance Requirements; Servicing Guide, Part II, Section 205: Coverage Required for Units in Condo Projects***

On December 28, 2011, Fannie Mae published Announcement SVC-2011-23: *Condominium Insurance Requirements*, which established requirements for blanket or master insurance policies that cover multiple unaffiliated condo associations or projects. Fannie Mae is updating its *Servicing Guide* to prohibit the use of master or blanket insurance policies that cover multiple unaffiliated projects.

Servicers are required to work with the impacted borrowers to attempt to implement these new requirements for insurance policy renewals on or after February 1, 2014 for existing properties. If a homeowners' association does not comply with these updated insurance coverage requirements, the units in the project will not be eligible to secure new loans to Fannie Mae.

### Payment of Principal Forbearance for Mortgage Loan Modifications

#### ***Servicing Guide, Part VII, Section 602.02.05: Conventional Mortgage Loan Modification Terms; Announcement SVC-2013-16, Updates to Assistance in Disasters; Announcement SVC-2013-05, Streamlined Modifications, Conventional Mortgage Loan Modifications, and Outbound Communications***

Currently the policy for Fannie Mae standard modifications, Streamlined Modifications, and mortgage loan modifications for mortgage loans affected by a disaster (for example, Streamlined Modifications Post Disaster Forbearance and Cap and Extend Modifications for Disaster Relief) requires that principal forbearance (also known as deferred principal) is payable upon maturity of the mortgage loan modification, sale or transfer of the property, or refinance.

Fannie Mae is updating this policy to require that principal forbearance is payable upon the earliest of the maturity of the mortgage loan modification, sale or transfer of the property, refinance of the mortgage loan, or payoff of the interest-bearing unpaid principal balance.

## Updates to Property Inspection Reimbursements and Requirements

Fannie Mae is adding policy guidance to Part III, Chapter 3: Property Inspections of the *Servicing Guide* related to property inspection reimbursement and vendor management and oversight. The following topics are addressed below:

- Property inspection reimbursements
- Servicer responsibilities related to reimbursement requests
- Property inspection vendor management and oversight

Servicers are encouraged to implement the revised policies immediately; however, implementation of these policies must occur no later than January 1, 2014.

### ***Property Inspection Reimbursements***

As described in Part III, Section 304: Preforeclosure Inspections, Fannie Mae will reimburse servicers for the costs of comprehensive property inspections, including the costs of any other preforeclosure property inspection required by HUD or the VA (to the extent that the expenses may be included in the insurance or loan guaranty claim). Fannie Mae is updating its reimbursement policy to include all interior and exterior property inspections completed in accordance with the requirements of the *Servicing Guide*.

Fannie Mae will reimburse servicers a maximum of \$15 per exterior property inspection and a maximum of \$20 per interior property inspection. These allowable reimbursement amounts will be reviewed periodically and may be adjusted based on market conditions. Any future change to the maximum allowable property inspection reimbursement amounts will be communicated through a *Servicing Notice* or similar vehicle.

### ***Servicer Responsibilities Related to Reimbursement Requests***

The following table outlines the servicer's responsibilities when requesting reimbursement for property inspection fees.

	<b>The servicer must...</b>
	Validate fees and costs prior to submitting a reimbursement request to ensure they are <ul style="list-style-type: none"><li>▪ reasonable and necessary to protect Fannie Mae's interest, and</li><li>▪ compliant with Fannie Mae's guidelines.</li></ul>
	Request reimbursement for the lesser of Fannie Mae's maximum allowable reimbursement amount or the actual cost incurred.
	Request reimbursement by submitting a <i>Cash Disbursement Request</i> ( <a href="#">Form 571</a> ).
	Retain all individual invoices related to completed property inspections and make the invoices available to Fannie Mae upon request.

### ***Property Inspection Vendor Management and Oversight***

The servicer must not enter into or participate in any arrangement with a third-party property inspection vendor for which the servicer receives a direct benefit for Fannie Mae mortgage loans or acquired properties that is not passed through to Fannie Mae. Arrangements with property inspection vendors, particularly affiliates, must not be influenced by an actual or perceived conflict of interest. Fannie Mae requires servicers to use the most cost-effective and efficient vendors for property inspections related to any Fannie Mae mortgage loans or acquired properties without regard to arrangements that could provide a financial benefit directly to servicers.

## Acknowledgement of Escalated Cases

### ***Servicing Guide, Part VII, Section 104.02: Escalation Resolution Process***

Fannie Mae is clarifying that upon receipt of an escalated case, the servicer must acknowledge the case in writing to the borrower, and if applicable, to the third-party requestor.

## Maintaining Servicer Eligibility

### ***Servicing Guide, Part I, Chapter 3: Maintaining Eligibility***

Fannie Mae requires servicers to comply with the Mortgage Selling and Servicing Contract as well as with the Fannie Mae *Selling Guide* and *Servicing Guide*. Requirements for maintaining servicer eligibility and related fees were recently updated in A4-1-01, Maintaining Lender Eligibility, of the *Selling Guide*. All other eligibility requirements indicated in the *Servicing Guide* remain unchanged.

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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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