

Servicing Guide Announcement (SVC-2020-07)

Dec. 9, 2020

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

- [Earthquake insurance requirements](#)*: removes property-level earthquake insurance requirement on mortgage loans for all Puerto Rico properties, and on Guam properties constructed of masonry construction.
- [Miscellaneous revisions](#)*: incorporates the payment deferral policy communicated in LL-2020-05 as well as the incentive fees for retention workout options as outlined in LL-2020-09 and updates the *Servicing Guide* to accurately reflect the day of the month in which Fannie Mae will draft guaranty fees and guaranty fee buydown charges from servicer's designated custodial account.

View the list of [impacted topics](#).

*Policy change not applicable to reverse mortgage loans.

Earthquake insurance requirements

We conduct routine assessments of our *Servicing* and *Selling Guide* policies to ensure we are meeting the needs of the market and our requirements align with the risk of the mortgage loans we acquire. These measures can change over time. Accordingly, we are starting a broad study of perils that can affect security properties, including earthquakes. While this work is conducted, we are removing earthquake insurance requirements in the *Servicing Guide* for any property securing a mortgage loan in Puerto Rico and Guam. Typhoon insurance requirements for any property securing a mortgage loan in Guam will remain and now be specified in *Servicing Guide* [B-2-01, Property Insurance Requirements Applicable to All Property Types](#).

Also, the *Selling Guide* will be updated on Dec. 16, 2020 to reflect these changes.

Effective: This policy change is effective immediately.

Miscellaneous revisions

Incorporation of Payment Deferral and Incentive Fees for Retention Workout Options. We have incorporated the payment deferral workout option introduced on Mar. 25, 2020 in [LL-2020-05](#), Payment Deferral, into the Guide. Additionally, we have updated the Guide to reflect the incentive fee structure for retention workout options as introduced in [LL-2020-09](#), Incentive Fees for Retention Workout Options.

Effective: Servicers must begin evaluating borrowers for payment deferral no later than Jan. 1, 2021.

Guaranty Fee and Guaranty Fee Buydown Charges Drafting Schedule. Currently, we draft guaranty fees and guaranty fee buydown charges from the servicer's designated principal and interest custodial account on the seventh calendar day of each month (or the preceding business day, if the seventh is not a business day). We have updated [F-1-03, Establishing and Implementing Custodial Accounts](#) to correct an inadvertent discrepancy and align with this current process.

Effective: This policy clarification is effective immediately.



See the *Servicing Guide* for details about these updates.

Servicers who have questions about this Announcement should contact their Fannie Mae Account Team, Portfolio Manager, or Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643).

Have Guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).



Impacted Topics

Section of the Announcement	Updated <i>Servicing Guide</i> Topics (Dated Dec. 9, 2020)
Earthquake Insurance Requirements	<ul style="list-style-type: none">▪ DELETED TOPIC: B-4-01, Earthquake or Typhoon Insurance
Incorporation of Payment Deferral and Incentive Fees for Retention Workout Options	<ul style="list-style-type: none">▪ A2-1-02, Servicer’s Duties and Responsibilities Related to MBS Mortgage Loans▪ D2-3.2-06, Payment Deferral▪ F-1-22, Reporting a Delinquent Mortgage Loan via Fannie Mae’s Servicing Solutions System▪ F-1-23, Reporting a Workout Option via Fannie Mae’s Servicing Solutions System▪ F-2-02, Incentive Fees for Workout Options▪ F-2-06, Mortgage Insurer Delegations for Workout Options▪ F-2-11, Fannie Mae’s Workout Hierarchy▪ F-2-12, Payment Deferral Delinquency Eligibility Examples▪ Investor Reporting Manual –<ul style="list-style-type: none">▪ 4-01, Reporting a Mortgage Loan Eligible for a Payment Deferral▪ 4-02, Reporting a Mortgage Loan After a Payment Deferral