

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

SATICOY BAY LLC SERIES 133  
McCLAREN,

Appellant,

vs.

GREEN TREE SERVICING, LLC; THE  
BANK OF NEW YORK MELLON F/K/A  
THE BANK OF NEW YORK, AS  
SUCCESSOR TRUSTEE TO JPMORGAN  
CHASE BANK, N.A., AS TRUSTEE FOR  
THE CERTIFICATEHOLDERS OF  
CWABS MASTER TRUST REVOLVING  
HOME EQUITY LOAN ASSET BACKED  
NOTES, SERIES 2004-T,

Respondents.

Electronically Filed  
Oct 30 2019 06:09 p.m.  
Elizabeth A. Brown  
Clerk of Supreme Court

Case No. 78661

**APPEAL**

from the Eighth Judicial District Court, Department XXX  
The Honorable Jerry A. Wiese, District Judge  
District Court Case No. A-14-693882-C

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**RESPONDENTS' SUPPLEMENTAL APPENDIX  
VOLUME III**

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### **CERTIFICATE OF SERVICE**

I certify that I electronically filed on October 30, 2019, the foregoing **RESPONDENTS' SUPPLEMENTAL APPENDIX, VOLUME III** with the Clerk of the Court for the Nevada Supreme Court by using the Court's electronic file and serve system. I further certify that all parties of record to this appeal are either registered with the Court's electronic filing system or have consented to electronic service and that electronic service shall be made upon and in accordance with the Court's Master Service List.

I declare that I am employed in the office of a member of the bar of this Court at whose discretion the service was made.

/s/ Patricia Larsen

An employee of AKERMAN LLP

**DECL**

DARREN T. BRENNER, ESQ.

Nevada Bar No. 8386

KAREN A. WHELAN, ESQ.

Nevada Bar No. 10466

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*Attorneys for The Bank of New York Mellon fka The Bank of New York, as successor Trustee to JPMorgan Chase Bank, N.A, as Trustee for the Certificateholders of CWABS Master Trust Revolving Home Equity Loan Asset Backed Notes, Series 2004-T and Green Tree Servicing, LLC*

**DISTRICT COURT****CLARK COUNTY, NEVADA**SATICOY BAY LLC SERIES 133  
MCLAREN,

Plaintiff,

vs.

GREEN TREE SERVICING LLC; THE BANK OF NEW YORK MELLON FKA THE BANK OF NEW YORK, AS SUCCESSOR TRUSTEE TO JPMORGAN CHASE BANK, N.A., AS TRUSTEE FOR THE CERTIFICATEHOLDERS OF CWABS MASTER TRUST, REVOLVING HOME EQUITY LOAN ASSET BACKED NOTES, SERIES 2004-T; NATIONAL DEFAULT SERVICING CORPORATION, CTC REAL ESTATE SERVICES; CHARLES J. WIGHT; AND TARA J. WIGHT,

Defendants.

GREEN TREE SERVICING LLC,

Counterclaimant,

vs.

SATICOY BAY LLC SERIES 133 MCLAREN; NEVADA ASSOCIATION SERVICES, INC.; HILLPOINTE PARK MAINTENANCE DISTRICT; and ROES I through X, inclusive,

Counter-Defendants.

Case No.: A-14-693882-C  
Dept. No.: XXX

**DECLARATION OF GRAHAM BABIN**

1 I, Graham Babin, declare as follows:

2 1. My name is Graham Babin. I have personal knowledge of and am competent to testify  
3 as to the matters stated herein by virtue of my position as Assistant Vice President for Federal National  
4 Mortgage Association ("Fannie Mae"), a corporation organized and existing under the laws of the  
5 United States.

6 2. As Assistant Vice President for Fannie Mae, I am familiar with certain Fannie Mae  
7 systems that contain data regarding mortgage loans acquired and owned by Fannie Mae. I am also  
8 familiar with the Selling and Servicing Guidelines applicable to entities that service mortgage loans  
9 on behalf of Fannie Mae.

10 3. Attached hereto as Exhibit "A" are true and correct copies of printouts from Fannie  
11 Mae's Servicer & Investor Reporting platform ("SIR"). SIR is an electronic system of record that  
12 contains information regarding mortgage loans acquired and owned by Fannie Mae. Entries in SIR are  
13 made at or near the time of the events recorded by, or from information transmitted by, persons with  
14 knowledge. SIR is kept in the course of Fannie Mae's regularly conducted business activity, and it is  
15 the regular practice of Fannie Mae to keep and maintain information regarding mortgage loans owned  
16 by Fannie Mae. Exhibit "A" consists of records that were made and kept by Fannie Mae in the course  
17 of its regularly conducted activities pursuant to its regular business practice of creating such records.  
18 The printouts in Exhibits "A" are Fannie Mae business records.

19 4. Exhibit "A" reflects that in December 2004, Fannie Mae acquired ownership of a  
20 mortgage loan, which includes both the note and its associated deed of trust, secured by real property  
21 located at 133 McLaren St., Henderson, NV 89074 (the "Loan"). Exhibit "A" also reflects that Fannie  
22 Mae remains the owner of the Loan.

23 5. The first page of Exhibit "A" is a printout of the SIR "Acquisition" tab relating to the  
24 Loan. The acquisition date referenced above is shown in the Acquisition tab.

25 6. The second page of Exhibit "A" is a printout of the SIR "Property" tab relating to the  
26 Loan. The property address referenced above is shown in the Property tab.

27 7. Beginning at the third page of Exhibit "A" is the SIR Loan Activity History for this  
28 Loan. The Loan Activity History reflects that Fannie Mae owned the Loan before and during the



1 month of November 2013 and remains the owner of the Loan. The Loan Activity History shows that  
2 the Loan servicer reported certain information to Fannie Mae regarding the Loan (such as the unpaid  
3 principal balance) on a monthly basis. This information was reported to Fannie Mae because Fannie  
4 Mae owns this Loan. If Fannie Mae did not own this Loan, this loan activity information would not  
5 have been reported to Fannie Mae.

6 8. Additionally, had Fannie Mae ceased to own this Loan (if, for example, the Loan had  
7 been paid off, foreclosed, or sold to another entity), information reflecting that would appear under  
8 the “Action Code – Action Description” column on the Loan Activity History. There is no such  
9 information under the “Action Code – Action Description” column on the attached Loan Activity  
10 History, which means that the Loan is still owned by Fannie Mae as of the last reporting shown in  
11 Exhibit “A.”

12 9. The final page of Exhibit “A” is a printout of entries in the SIR Servicing Transfer  
13 Request Detail showing that the rights to service the Loan for Fannie Mae were transferred from Bank  
14 of America, N.A. (“BANA”) to Fannie Mae with Ditech Financial LLC (“Ditech”) as subservicer on  
15 or about October 31, 2011. SIR reflects that Ditech was the servicer of the Loan for Fannie Mae in  
16 November 2013.

17 10. The banner appearing above the Acquisition Tab, Property Tab, and Loan Activity  
18 History reflects that the current servicer of the Loan for Fannie Mae is Ditech.

19 11. The Fannie Mae Single-Family Selling and Servicing Guides (“Guides”) are publicly  
20 accessible documents which serve as central documents governing the contractual relationship  
21 between Fannie Mae and its loan sellers and servicers nationwide, including BANA and Ditech. A  
22 true and correct copy of the current Guides and archived prior versions of the Guide can be found at  
23 <https://www.fanniemae.com/content/guide/selling/index.html> and  
24 <https://www.fanniemae.com/content/guide/servicing/index.html>. Prior versions of the Guides are  
25 available at that URL by clicking “Show All” in the left hand column of those sites.

26 12. True and correct copies of applicable Selling and Servicing Guide sections are attached  
27 here to as Exhibit “B.”  
28


**AKERMAN LLP**

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I declare under penalty of perjury of the laws of the State of Nevada that the foregoing is true and correct.

Executed on January 23, 2018.

  
\_\_\_\_\_  
Graham Babin, AVP

# Exhibit A

SA0464

Loan Detail

Servicer Name

Fannie Mae/Diech Financial LLC/servicer

Servicer No.

27390095

Fannie Mae Loan No.

1597320833

Converted Loan

Yes

Servicer Loan No.

34782804

Pool No.

[Loan Activity History](#)

[Comments](#)

Select one of the following

▼

submit

General Loan	Origination	Acquisition	Property	Feature	Loan Balance	Schedule	ARM Feature	Cash Flow	Mortgage Insurance	Rate & Payment	Pool
--------------	-------------	-------------	----------	---------	--------------	----------	-------------	-----------	--------------------	----------------	------

Property Street Address	133 MCCLAREN ST	City	HENDERSON
Postal Code	89074	State	NV
Year Built		Occupancy	Second or Vacation Home
Appraisal Type		Original Appraised Amount	
Purchase Price		Project Classification	Type F - New Planned Unit Development
Project Total Units	1	Category Type	
Flood Insurance Required	No	Appraisal Date	
Original Appraised Value			

▼ Dwelling Units

[Expand Section All](#) / [Collapse Section All](#)

Select one of the following

▼

submit



### Loan Transaction History - Loan Activity History

Servicer Name	Fannie Mae/Diech Financial LLC subservicer
Servicer No.	273960066
Fannie Mae Loan No.	1697320833
Converted Loan	Yes
Pool No.	34782904
Servicer Loan No.	

Records	Found: 100	Current Set: 109	Show	10	▼	Per Page	Pages: 1 2 3 4 5 Next »	Activity Period	Reported URS (\$)	Interest Difference (\$)	Action Code - Action Description	Action Date
Transaction ID	Reversal Transaction ID	Effective Date	Process Date	Activity Period	Reported URS (\$)	Interest Difference (\$)						
Filter												
4761708454		01/01/2018	1	01/20/2018	01/31/2018	\$184,373.80			0 - No Service Action Taken		01/19/2018	
4712844112		12/01/2017	1	12/21/2017	12/31/2017	\$184,373.80			0 - No Service Action Taken		12/20/2017	
4841049367		11/01/2017	1	11/04/2017	11/30/2017	\$184,373.80			0 - No Service Action Taken		11/03/2017	
4612824556		10/01/2017	1	10/20/2017	10/31/2017	\$184,373.80			0 - No Service Action Taken		10/19/2017	
4563074006		09/01/2017	1	09/21/2017	09/30/2017	\$184,373.80			0 - No Service Action Taken		09/20/2017	
4512808152		08/01/2017	1	08/19/2017	08/31/2017	\$184,373.80			0 - No Service Action Taken		08/18/2017	
4463366228		07/01/2017	1	07/21/2017	07/31/2017	\$184,373.80			0 - No Service Action Taken		07/20/2017	
4417857689		06/01/2017	1	06/21/2017	06/30/2017	\$184,373.80			0 - No Service Action Taken		06/20/2017	
4305110218		05/01/2017	1	05/20/2017	05/31/2017	\$184,373.80			0 - No Service Action Taken		05/19/2017	
4315784289		04/01/2017	1	04/21/2017	04/30/2017	\$184,373.80			0 - No Service Action Taken		04/20/2017	

Loan Transaction History - Loan Activity History

Servicer Name  
 Fannie Mae/Dtech Financial LLC/subservicer

Servicer No.  
 273960066

Fannie Mae Loan No.  
 1697320833

Servicer Loan No.  
 34782904

Converted Loan  
 Yes

Pool No.

Records		Found: 109	Current Set: 109	Show: 10	Per Page	Pages: 1 2 3 4 5 Next >				
Transaction ID	Reversion Transaction ID	Effective Date	Process Date	Activity Period	Reported UBB (\$)	Reported Difference (\$)	Action Code	Action Description	Action Date	Qty
Filter										
4261183462		03/01/2017	03/21/2017	03/31/2017	\$184,373.80	\$0.00	0	No Servicer Action Taken	03/20/2017	
4211057375		02/01/2017	02/21/2017	02/28/2017	\$184,373.80	\$0.00	0	No Servicer Action Taken	02/20/2017	
4165320756		01/01/2017	02/01/2017	01/31/2017	\$184,373.80	\$0.00				
4134610470		12/01/2016	01/03/2017	12/31/2016	\$184,373.80	\$0.00				
4100588692		11/01/2016	12/01/2016	11/30/2016	\$184,373.80	\$0.00				
4063906311		10/01/2016	11/01/2016	10/31/2016	\$184,373.80	\$0.00				
4023887381		09/01/2016	10/03/2016	09/30/2016	\$184,373.80	\$0.00				
3991545273		08/01/2016	09/01/2016	08/31/2016	\$184,373.80	\$0.00				
3956142218		07/01/2016	08/01/2016	07/31/2016	\$184,373.80	\$0.00				
3977689617		06/01/2016	07/01/2016	06/30/2016	\$184,373.80	\$0.00				

Servicer Name	Fannie Mae/Dtch Financial LLC subservicer	Fannie Mae Loan No.	Converted Loan	Yes
Servicer No.	2739600086	Servicer Loan No.	Pool No.	
			<a href="#">1697320333</a>	
			34782904	

Records	Found: 108	Current Set: 109	Show	10	▼	Per Page	Pages	« Prev	1	2	3	4	5	Next »	Reported UAT: (\$)	Measures Difference: (\$)	Action Code	Action Description	Action Date	On
	Transaction ID	Reversal Transaction ID	Effective Date	Process Date	•	Activity Period	Reported UAT: (\$)													
Filter																				
	3883708906		05/01/2016	08/01/2016		05/01/2016	\$184,373.80								\$184,373.80	\$0.00				
	38159527058		04/01/2016	05/02/2016		04/01/2016	\$184,373.80								\$184,373.80	\$0.00				
	38306293148		03/01/2016	04/01/2016		03/01/2016	\$184,373.80								\$184,373.80	\$0.00				
	3771671809		02/01/2016	03/01/2016		02/01/2016	\$184,373.80								\$184,373.80	\$0.00				
	3733357211		01/01/2016	02/01/2016		01/01/2016	\$184,373.80								\$184,373.80	\$0.00				
	3696807640		12/01/2015	01/04/2016		12/01/2015	\$184,373.80								\$184,373.80	\$0.00				
	3603354595		11/01/2015	12/01/2015		11/01/2015	\$184,373.80								\$184,373.80	\$0.00				
	3628154501		10/01/2015	11/02/2015		10/01/2015	\$184,373.80								\$184,373.80	\$0.00				
	3589590582		09/01/2015	10/01/2015		09/01/2015	\$184,373.80								\$184,373.80	\$0.00				
	3556030997		08/01/2015	09/01/2015		08/01/2015	\$184,373.80								\$184,373.80	\$0.00				



### Loan Transaction History - Loan Activity History

Servicer Name Fannie Mae/Delach Financial LLC/subservicer	Fannie Mae Loan No. 1097320833	Converted Loan Yes
Servicer No. 273980066	Servicer Loan No. 34782804	Pool No.

Records	Found: 109	Current Set: 109	Show: 10	Per Page	Pages: 109 of 234	Next >			
	Transaction ID	Reversal Transaction ID	Effective Date	Process Date	Activity Period	Recorded Date	Interest Difference (\$)	Action Code - Action Description	Action Date
Filter	3518890128		07/01/2015	08/03/2015	07/31/2015		\$184,373.80		
	3453038425		06/01/2015	07/01/2015	06/30/2015		\$184,373.80		
	3445407457		05/01/2015	06/01/2015	05/31/2015		\$184,373.80		
	3407740376		04/01/2015	05/01/2015	04/30/2015		\$184,373.80		
	3370978807		03/01/2015	04/02/2015	03/31/2015		\$184,373.80		
	3334130709		02/01/2015	03/02/2015	02/28/2015		\$184,373.80		
	3293046757		01/01/2015	02/02/2015	01/31/2015		\$184,373.80		
	3259247989		12/01/2014	01/02/2015	12/31/2014		\$184,373.80		
	3222474939		11/01/2014	12/01/2014	11/30/2014		\$184,373.80		
	3187138492		10/01/2014	11/03/2014	10/31/2014		\$184,373.80		

### Loan Transaction History - Loan Activity History

1597320833	Yes
34782904	Yes

Records	Found: 100	Current Sel: 109	Show: 10	▼	Effective Date	Process Date	Per Page	Pages	4 Prev 3 5 7 Next 2		Amount (USD (\$))	Amount (Millions (\$))	Action Code - Action Description	Action Date	Filter
	Transaction ID	Reversal Transaction ID	Acctg. Period						Reported (USD (\$))						
	316991732Z		09/01/2014		10/01/2014		09/30/2014			\$184,373.80	\$0.00				
	3116959711		08/01/2014		09/03/2014		08/31/2014			\$184,373.80	\$0.00				
	308048029Z		07/01/2014		06/04/2014		07/31/2014			\$184,373.80	\$0.00				
	3039413018		06/01/2014		07/02/2014		06/30/2014			\$184,373.80	\$0.00				
	2994931284		05/01/2014		06/02/2014		05/31/2014			\$184,373.80	\$0.00				
	2862925393		04/01/2014		05/01/2014		04/30/2014			\$184,373.80	\$0.00				
	29321859546		03/01/2014		04/01/2014		03/31/2014			\$184,373.80	\$0.00				
	2990708203		02/01/2014		03/03/2014		02/28/2014			\$184,373.80	\$0.00				
	285152092Z		01/01/2014		02/03/2014		01/31/2014			\$184,373.80	\$0.00				
	2810164106		12/01/2013		01/02/2014		12/31/2013			\$184,373.80	\$0.00				

Fannie Mae/DreCh Financial LLC subservicer	Fannie Mae Loan No.	Converted Loan	Yes
	Servicer No.	Pool No.	
	273960086	34782904	
			<a href="#">1597328333</a>

## Loan Transaction History - Loan Activity History

Servicer Name	Fannie Mae Loan No.	Converted Loan	Yes
Fannie Mae/Ditech Financial LLC subservicer		<a href="#">1697320833</a>	
Servicer No.		Pool No.	
	Fannie Mae/Ditech Financial LLC subservicer	34782904	
	273980098		
	Servicer Loan No.		

[illegible]





Loan Transaction History - Loan Activity History

Servicer Name: Fannie Mae/Diech Financial LLC subservicer  
 Servicer No.: 273960066  
 Fannie Mae Loan No.: 1597320833  
 Servicer Loan No.: 34762904  
 Converted Loan: Yes  
 Pool No.:

Records		Found: 109	Current Set: 109	Show: 10	Per Page:	Pages: 1 2 3 4 5 6 7 8 9 10 11 Next >				
Transaction ID	Reversal Transaction ID	Effective Date	Process Date	Activity Period	Reported UPB (\$)	Interest Difference (\$)	Action Code	Action Description	Action Date	
1541985182		05/01/2011	06/02/2011	05/31/2011	\$194,050.93	\$0.00				
1604207101		04/01/2011	05/03/2011	04/30/2011	\$194,524.40	\$0.00				
1560150389		03/01/2011	04/04/2011	03/31/2011	\$195,487.80	\$0.00				
1527660831		02/01/2011	03/02/2011	02/28/2011	\$196,406.50	\$0.00				
1583335116		01/01/2011	02/02/2011	01/31/2011	\$196,406.50	\$0.00				
1459230147		12/01/2010	01/04/2011	12/31/2010	\$196,874.09	\$0.00				
1409232278		11/01/2010	12/02/2010	11/30/2010	\$197,309.97	\$0.00				
1370168470		10/01/2010	11/02/2010	10/31/2010	\$197,744.56	\$0.00				
1330044859		09/01/2010	10/02/2010	09/30/2010	\$198,177.93	\$0.00				
1292338600		08/01/2010	09/02/2010	08/31/2010	\$198,610.02	\$0.00				

### Loan Transaction History - Loan Activity History

<b>Servicer Name</b>	Fannie Mae/Delch Financial LLC subservicer	<b>Fannie Mae Loan No.</b>	169720833	<b>Converted Loan</b>	Yes
<b>Servicer No.</b>	273960066	<b>Servicer Loan No.</b>	34782904	<b>Pool No.</b>	

Records		Found: 109	Current Set: 109	Show	10	▼	Per Page	Pages	1	2	3	4	5	6	7	8	9	10	11	Next >
Transaction ID	Reversal Transaction ID	Effective Date	Process Date	Activ. At. Period	Reported UPR (\$)	Interest Difference (\$)	Action Code	Action Description	Action Date	Q										
Filter																				
1253068992		07/01/2010		08/03/2010	07/31/2010	\$199,040.85														
1213592616		06/01/2010		07/02/2010	06/30/2010	\$199,470.43														
1114598924		05/01/2010		06/02/2010	05/31/2010	\$199,898.76														
1135439975		04/01/2010		05/04/2010	04/30/2010	\$200,751.69														
1093413615		03/01/2010		04/02/2010	03/31/2010	\$201,176.30														
1055336694		02/01/2010		03/02/2010	02/28/2010	\$201,599.67														
1016590056		01/01/2010		02/02/2010	01/31/2010	\$202,021.81														
977613292		12/01/2009		01/05/2010	12/31/2009	\$202,359.65														
938433347		11/01/2009		12/02/2009	11/30/2009	\$202,359.65														
896603435		10/01/2009		11/03/2009	10/31/2009	\$202,688.09														

Loan Transaction History - Loan Activity History

Service Name	Fannie Mae/Diech Financial LLC subservicer	Fannie Mae Loan No.	169720833	Converted Loan	Yes
Service No.	273960088	Service Loan No.	34782904	Pool No.	

Re cords		Found: 109	Current Set: 109	Show	10	Per Page	Pages	1 Prev 7 8 9 10 11	Interest Difference (\$)		Action Code	Action Description	Action Date	9
Transaction ID		Reversal Transaction ID	Effective Date	Process Date	Activity Period	Reported UFB (\$)								
Filter														
-	857645501		09/01/2009	10/02/2009	09/30/2009	\$203,364.80	\$0.00							
-	817891116		09/01/2009	09/02/2009	09/31/2009	\$203,364.80	\$0.00							
-	770502411		07/01/2009	08/04/2009	07/31/2009	\$203,697.07	\$0.00							
-	739729780		06/01/2009	07/02/2009	06/30/2009	\$204,027.96	\$0.00							
-	009922909		05/01/2009	06/02/2009	05/31/2009	\$204,357.48	\$0.00							
-	655448900		04/01/2009	05/02/2009	04/30/2009	\$204,685.63	\$0.00							
-	021026361		03/01/2009	04/02/2009	03/31/2009	\$205,337.86	\$0.00							
-	581828460		02/01/2009	03/03/2009	02/28/2009	\$205,337.86	\$0.00							
-	533521343		01/01/2009	02/03/2009	01/31/2009	\$205,661.95	\$0.00							



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Servicing Transfer Request (STR) Detail

The total number of loans found exceeds the maximum number that can be displayed.

Transferor No	24873	Transferor	Bank of America N.A.	Transferee	Fannie Mae/Ditech Financial LLC subsidiary
STR No.	1578981	Transferor Contact Name		Transferee Contact Name	
STR Status	Completed	Transferor Contact No.		Transferee Contact No.	
STR Type	Inter-Servicer				
Effective Date	10/31/2011	<a href="#">Audit Trail</a>		<a href="#">Activity Checks</a>	
No. of Loans to Transfer	49975	No. of Loans Approved	0	No. of Loans Transferred	49975
UPB	\$1 772 150 155 28	UPB	\$0 00	UPB	\$8 797 255 974 98
Delinquency Ratio	712 7584%	Delinquency Ratio	0 0000%	Delinquency Ratio	712 7584%
No. of Loans Passed Validation	49975				
No. of Loans Failed Validation	0				
<a href="#">View All Loans</a>					

\* = required fields

# Exhibit B

## **Chapter 2. Contractual Relationship (01/31/03)**

Once Fannie Mae approves a servicer to do business with it, both parties execute the Lender Contract to establish the terms and conditions of their contractual relationship. The continuation of that relationship depends on both parties honoring the mutual promises in the Lender Contract and on the lender's satisfying the requirements of the *Selling Guide*, the *Servicing Guide*, the *Guide to Delivering eMortgage Loans to Fannie Mae*, and the *Multifamily Guide(s)* (the "Guides").

### **Section 201 Mortgage Selling and Servicing Contract (06/01/07)**

The MSSC establishes the basic legal relationship between a lender/servicer and Fannie Mae. Details regarding contractual obligations for lenders are set forth in the *Selling Guide*. Specifically as to servicing, the MSSC:

- establishes the lender as an approved servicer of applicable mortgage loans;
- provides the general terms and conditions for servicing;
- incorporates by reference the terms of the Guides and other lender or servicing announcements, letters, and Guide changes, as well as Master Agreements, technology licensing agreements, and any other agreement entered into by Fannie Mae and the lender; and
- states the types of mortgage loans the lender may sell and service.

All types of agreements between a servicer and Fannie Mae are incorporated into the Lender Contract (the lender's and servicer's obligations under all of these agreements are referred to in the Guides in their entirety as the "Lender Contract") and form a single integrated MSSC and not a separate contract or agreement.

Notwithstanding any other provisions in the Guides, or any assignment or transfer of servicing by a lender to another entity:

- A lender/servicer's benefits and obligations with respect to its contractual rights to service mortgage loans are, and were at the time of execution of the Lender Contract, fully integrated and non-divisible

from the lender's benefits and obligations with respect to its contractual rights and obligations to sell mortgage loans under the Lender Contract.

- Absent such integration, Fannie Mae would not have entered into, or continued to be bound by, the Lender Contract and would not have entered into, or continued to be bound by, separate agreements with a lender/servicer providing for the contractual right to sell or to service mortgage loans for Fannie Mae.
- When Fannie Mae consents to a transfer of servicing by a lender or servicer, it relies on the integration and non-divisibility of the Lender Contract. Fannie Mae requires that the transferor or lender remain obligated for all selling and servicing representations and warranties and recourse obligations upon the transfer of servicing, and requires that the transferee servicer, whether the original seller or a transferee servicer, undertake and assume joint and several liability for all selling and servicing representations and warranties and recourse obligations related to the mortgage loans it services unless explicitly agreed to the contrary in writing by Fannie Mae.

All of Fannie Mae's communications—such as Guides, announcements, lender letters, and notices (regardless of the medium through which they are issued)—are incorporated into the Guides by reference, and are instructions Fannie Mae provides to enable a servicer to perform its obligations to Fannie Mae under the terms of the MSSC. No borrower or

other third party is intended to be a legal beneficiary of the MSSC or to obtain any such rights or entitlements through our lender communications.

Certain information and requirements are posted on [eFannieMae.com](http://eFannieMae.com) (or successor Web site), and such information is incorporated by reference into the Guides.

Section 201.01  
Contractual  
Representations and  
Warranties (06/10/11)

In order to sell mortgage loans to Fannie Mae or deliver pools of mortgage loans to Fannie Mae for mortgage-backed securities (MBS), the lender makes certain representations and warranties concerning both the lender itself as well as the mortgage loans it is selling or delivering. These representations and warranties are set forth in the *Selling Guide*. Provisions that are specific to servicing are contained herein. A lender that acquires the servicing of a mortgage loan, either concurrently with or subsequent to Fannie Mae's purchase of the mortgage loan, assumes and is responsible for the same selling warranties that the mortgage loan seller

made when the mortgage loan was sold to Fannie Mae. Lenders that acquire the servicing of Fannie Mae mortgage loans are required to service the mortgage loans in accordance with the servicing obligations of the lender that assigned or transferred the servicing of the mortgage loan.

Section 201.02  
Representation and  
Warranty Requirements  
for the Servicing of All  
Mortgage Loans  
(06/10/11)

By submitting any mortgage loan to Fannie Mae under any execution, including MBS, whole mortgage loan, or a participation pool mortgage loan to Fannie Mae as a whole mortgage loan, the lender represents and warrants that there is no agreement with any other party providing for servicing the mortgage loans that continues after such date unless there is full compliance with all the Fannie Mae Guide requirements for subservicing (including but not limited to the *Selling Guide, A3-3-03, Subservicing*) or any prior servicing agreement is made expressly to Fannie Mae's rights as owner of the mortgage loans.

The party that was servicing for the lender prior to such date may become a servicer for Fannie Mae, if there is full compliance with all the Guide requirements that provide for assignment of servicing from the lender concurrent with conveyance of the mortgage loan to Fannie Mae. (For more information, refer to the *Selling Guide, A3-3-02, Concurrent Servicing Transfers*.)

Section 201.03  
Mortgage Insurance  
Representation and  
Warranty Requirements  
(10/01/11)

The servicer represents and warrants that each mortgage loan it delivers is insurable and that no fraud or material misrepresentation has been committed (by any servicer employee, any agent of the servicer, or any third party including, without limitation, the borrower), by act or omission, in connection with the origination of the mortgage loan or servicing prior to the sale, regardless of the level or type of documentation, verification, or corroboration of information that may be required by the *Selling Guide* and *Servicing Guide* or any other contract with a particular servicer. A mortgage loan is insurable if a mortgage insurer would not decline to insure it by reason of any fraud, misrepresentation, negligence, or dishonest, criminal, or knowingly wrongful act in origination or servicing, and would not be entitled to deny a claim by reason of any of the foregoing.

Section 201.03.01  
Rescission, Cancellation,  
and Claim Denial  
(10/01/11)

**Rescission**

Rescission of mortgage insurance coverage is defined as notification by the mortgage insurer that it has made the determination to rescind coverage in

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## Lender Relationships

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other liabilities that arise in connection with the mortgage loans or the servicing of them prior to the delivery of the mortgage loans to Fannie Mae. Similarly, Fannie Mae requires a servicer to make the same indemnification for all losses, damages, judgments, claims, legal actions, and legal fees that are based on, or result from, the lender's failure or alleged failure to satisfy its duties and responsibilities for mortgage loans or MBS pools it services for Fannie Mae under the provisions of the Lender Contract, the Guides, any additional requirements that may have been imposed, or any additional obligations the lender has assumed with respect to such mortgage loans or MBS pools.

If a claim is made or a suit or other proceeding that is based on a lender's or servicer's alleged acts or omissions in originating, selling, or servicing mortgage loans or MBS pools; in trading MBS; or in disposing of acquired properties is started against Fannie Mae (or if Fannie Mae subsequently becomes a party to such a claim, suit, or proceeding or is served a subpoena for any purpose in connection with a suit to which Fannie Mae is not a party), the lender's or servicer's responsibility to indemnify Fannie Mae from losses and to hold Fannie Mae harmless must be met regardless of whether the claim, suit, or proceeding has merit. However, the lender's or servicer's obligation does not apply if Fannie Mae gives the lender or servicer written instructions during a claim, suit, or proceeding and Fannie Mae suffers a loss because the lender or servicer follows its instructions.

Fannie Mae will manage its defense for any claim, suit, or proceeding in accordance with its own judgment, keeping the option to decide whether (or when) to retain its own separate counsel. If Fannie Mae chooses its own counsel, the lender or servicer will still be obligated to pay Fannie Mae's legal fees and costs. If Fannie Mae decides that its interests and the lender's or servicer's coincide, Fannie Mae may decide to cooperate with the lender or servicer in a joint defense. (Refer to the *Selling Guide*, A2-1-03, *Indemnification for Losses*.)

Section 201.06  
Concurrent Servicing  
Transfers (07/20/06)

In a concurrent servicing transfer, the servicing lender is under the same contractual obligations under the MSSC as the selling lender. (Also see *Section 205, Post-Delivery Transfers of Servicing* (09/30/06).)

A concurrent servicing transfer (also known as a transfer of servicing concurrent with delivery) occurs when a selling lender transfers the servicing rights for a mortgage loan to a Fannie Mae-approved servicer at

the same time it sells the mortgage loan to Fannie Mae. This is an “automatic” transfer because Fannie Mae’s prior approval of the transaction is not required.

If the selling lender is servicing the mortgage loans prior to delivery and will not be servicing the mortgage loans after delivery, the selling lender may automatically transfer servicing to a lender that is eligible to service them for Fannie Mae, and has agreed to do so, effective concurrently with delivery of the mortgage loans to Fannie Mae. The lender must notify Fannie Mae at the time of mortgage loan delivery that servicing has been transferred.

Additionally, if:

- the selling lender is not servicing the mortgage loans prior to delivery because it has contracted with another lender (the “servicing lender”) to service the mortgage loans for the selling lender;
- the selling lender will not be servicing the mortgage loans after delivery;
- the servicing lender is eligible to service the mortgage loans for Fannie Mae; and
- the servicing lender agrees to service the mortgage loans for Fannie Mae, which requires the contractual servicing relationship be with Fannie Mae instead of with the seller,

the selling lender may designate the servicing lender as Fannie Mae’s servicer for the mortgage loans by notifying Fannie Mae at the time of delivery.

If the servicing lender wants the contractual servicing relationship to be with the selling lender instead of with Fannie Mae, even after delivery of the mortgage loans to Fannie Mae, the selling lender must become Fannie Mae’s servicer (as “master servicer”), and the servicing lender must become a “subservicer.” (See *Section 206, Subservicing (06/24/04).*)

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After Fannie Mae has purchased or securitized a mortgage loan, it must approve all subsequent assignments of servicing related to that mortgage loan before the servicing can be transferred.

#### Section 201.06.01 Notification of Concurrent Servicing Transfers (06/10/11)

The lender must notify Fannie Mae of the transferee servicer by entering the nine-digit seller/servicer number that Fannie Mae has assigned to the transferee servicer on one of the following forms:

- *FRM/GEM Loan Schedule* ([Form 1068](#))
- *ARM/GPARM Loan Schedule* ([Form 1069](#))
- *Schedule of Mortgages* ([Form 2005](#))

If required, the lender must also include in its delivery package mortgage loan assignments prepared in accordance with the *Selling Guide*, B8-6-02, *Mortgage Assignment to Fannie Mae*.

#### Section 201.06.02 Termination of Concurrent Servicing Transfers (06/10/11)

If a concurrent servicing transfer does not meet Fannie Mae's eligibility standards as stated in this Guide and in the *Selling Guide*, Fannie Mae is entitled to terminate the transferee's servicing with respect to the affected mortgage loans in order to transfer servicing of the mortgage loans to another servicer. The lender is obligated for all costs, expenses, and/or losses resulting from its designation of an ineligible servicer.

#### Section 201.07 Pledge of Servicing Rights (03/29/10)

As provided in the *Selling Guide*, A3-3-01, *Outsourcing of Mortgage Processing and Third-Party Originations*, a lender or servicer may pledge the servicing rights to all or part of its Fannie Mae one- to four-unit mortgage loan servicing portfolio, including mortgage loans in MBS pools, for the following purposes:

- to fund the purchase of additional servicing portfolios;
- to provide collateral for warehouse lines of credit; or
- to effect the purchase of a mortgage banking company, including a management buyout of its existing company.

The lender or servicer must request Fannie Mae's prior approval of a specific pledging transaction at least 30 days in advance of the proposed



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After Fannie Mae has purchased or securitized a mortgage loan, it must approve all subsequent assignments of servicing related to that mortgage loan before the servicing can be transferred.

#### Section 201.06.01 Notification of Concurrent Servicing Transfers (06/10/11)

The lender must notify Fannie Mae of the transferee servicer by entering the nine-digit seller/servicer number that Fannie Mae has assigned to the transferee servicer on one of the following forms:

- *FRM/GEM Loan Schedule* ([Form 1068](#))
- *ARM/GPARM Loan Schedule* ([Form 1069](#))
- *Schedule of Mortgages* ([Form 2005](#))

If required, the lender must also include in its delivery package mortgage loan assignments prepared in accordance with the *Selling Guide*, B8-6-02, *Mortgage Assignment to Fannie Mae*.

#### Section 201.06.02 Termination of Concurrent Servicing Transfers (06/10/11)

If a concurrent servicing transfer does not meet Fannie Mae's eligibility standards as stated in this Guide and in the *Selling Guide*, Fannie Mae is entitled to terminate the transferee's servicing with respect to the affected mortgage loans in order to transfer servicing of the mortgage loans to another servicer. The lender is obligated for all costs, expenses, and/or losses resulting from its designation of an ineligible servicer.

#### Section 201.07 Pledge of Servicing Rights (03/29/10)

As provided in the *Selling Guide*, A3-3-01, *Outsourcing of Mortgage Processing and Third-Party Originations*, a lender or servicer may pledge the servicing rights to all or part of its Fannie Mae one- to four-unit mortgage loan servicing portfolio, including mortgage loans in MBS pools, for the following purposes:

- to fund the purchase of additional servicing portfolios;
- to provide collateral for warehouse lines of credit; or
- to effect the purchase of a mortgage banking company, including a management buyout of its existing company.

The lender or servicer must request Fannie Mae's prior approval of a specific pledging transaction at least 30 days in advance of the proposed

effective date. The transaction between the lender or servicer and the secured creditor must be documented by a security agreement in a form determined by the lender or servicer. Both the lender or servicer and the secured creditor also must execute an acknowledgment agreement in a form approved by Fannie Mae, which sets forth the rights and responsibilities of the lender or servicer, the secured party, and Fannie Mae.

**A. Security agreement.** The lender or servicer pledging its servicing rights and the secured party to whom the rights are pledged must enter into a legally binding security agreement. Fannie Mae does not specify precise terms or provisions that must be included in the agreement. However, since the terms and provisions of the acknowledgment agreement (which is executed by the lender or servicer, the secured creditor, and Fannie Mae) will prevail if there are any conflicts or inconsistencies between the security agreement and the acknowledgment agreement, both parties executing the security agreement should make every effort to ensure that there are no conflicts or inconsistencies between the two agreements. Each request for approval of a proposed pledging transaction must include a copy of the related proposed security agreement. The security agreement may be amended after Fannie Mae approves the transaction (without obtaining Fannie Mae's prior consent), as long as all representations and warranties made by the lender or servicer and the secured party (or parties) will apply to such amendment.

The secured creditor must insert the following language in any financing statement it files for recordation in connection with the security agreement:

The security interest created by this financing statement is subject and subordinate to all rights, powers, and prerogatives of Fannie Mae under, and in connection with, the Lender Contract and all applicable Pool Purchase Contracts between Fannie Mae and (*\*insert name of lender or servicer named in acknowledgment agreement*) and the *Selling Guide*, *Servicing Guide*, and other Guides, as each of such Guides is amended from time to time (collectively, the "Fannie Mae Contract"), which rights, powers, and prerogatives include, without limitation, the right of Fannie Mae to terminate the Fannie Mae Contract with or without cause

and the right to sell, or have transferred, the Servicing Rights as therein provided.

The secured creditor must provide a copy of any recorded financing statement to the lender's or servicer's appropriate Fannie Mae regional office. If the security interest is released or extinguished or if the servicing rights are transferred to the secured creditor as the result of the lender or servicer's default under the security agreement (or in accordance with the terms of the acknowledgment agreement), the secured creditor must file for recording a proper release of the recorded security interest within five working days after the effective date of the termination, transfer, or extinguishment, notifying the appropriate Fannie Mae regional office of the filing.

**B. Acknowledgment agreement.** Fannie Mae will not approve any request for the pledging of a lender or servicer's servicing rights unless the lender or servicer and the secured creditor execute a standard Fannie Mae acknowledgment agreement. (Two separate agreements—one for use when there is a single secured party and one for use when there are multiple secured parties—are available through Fannie Mae's regional offices.) Under the terms of the acknowledgment agreement, the secured creditor's security interest is subordinate to all of Fannie Mae's rights, powers, and prerogatives under the MSSC, individual commitment or pool purchase contracts, and the *Selling Guide* and *Servicing Guide*. The secured creditor has no claim or entitlement as a secured creditor against Fannie Mae, and Fannie Mae has no duty or obligation to the secured creditor, except for those specified in the acknowledgment agreement. The acknowledgment agreement does recognize that the secured party may sell one or more participation interests in portfolio mortgage loans that are subject to the security agreement and provides for the purchasers of the participation interests to be entitled to the benefits of both the security agreement and the acknowledgment agreement. Both the secured creditor and the lender and/or servicer must indemnify and hold Fannie Mae harmless against all losses, claims, lawsuits, actions, damages, judgments, costs, and expenses arising or resulting from any action they take (or do not take) in compliance with the terms of either the security agreement or the acknowledgment agreement. The secured creditor also must agree to indemnify and hold Fannie Mae harmless against all losses, claims, lawsuits, actions, damages, judgments, costs, and expenses arising from or connected with the security agreement or the secured creditor's

foreclosure, transfer, or sale of the servicing rights under the terms of the security agreement.

The secured creditor has the right to request Fannie Mae to transfer the servicing of the mortgage loans for which servicing rights have been pledged if it elects to enforce its security interest or any remedy for the lender or servicer's default under the security agreement. The secured creditor may request that the servicing be transferred to it (if it is an approved Fannie Mae servicer) or it may request that the servicing be transferred to another lender or servicer that is a Fannie Mae-approved servicer, if it has a valid power of attorney authorizing it to make the transfer request on the lender or servicer's behalf. The secured creditor must present the power of attorney to the Fannie Mae regional office with its request that Fannie Mae transfer the servicing to another lender or servicer. The transfer-of-servicing request will be evaluated, processed, and documented under Fannie Mae's general procedures for servicing transfers, unless Fannie Mae agrees to modify a specific requirement or amend a particular document. Fannie Mae will not unreasonably withhold its consent to a transfer that is proposed by the secured party. If Fannie Mae finds the proposed transferee servicer unacceptable, it will work with the secured party to find another servicer that is acceptable.

Fannie Mae has the right, under the terms of its contracts with the lender or servicer, to terminate, sell, or transfer the servicing that has been pledged and, if Fannie Mae exercises that right, it has the further right to receive all proceeds from the termination, sale, or transfer of the servicing. Under the terms of the acknowledgment agreement, the servicing rights that have been pledged can be terminated, sold, or transferred free and clear of the secured creditor's security interest when the termination, sale, or transfer takes place in accordance with Fannie Mae's contractual provisions with the lender or servicer.

When Fannie Mae exercises its right to terminate, sell, or transfer servicing that has been pledged, it may select the secured creditor or its designee to act as the new servicer (or subservicer) of the mortgage loans or it may select another Fannie Mae-approved servicer. Fannie Mae will notify the secured creditor after it terminates the lender or servicer's servicing rights that have been pledged. To the extent that Fannie Mae is fully reimbursed for all costs and expenses related to the sale or transfer and for any and all amounts it is due for unmet obligations under its

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Lender Contract, Fannie Mae will notify the secured creditor of its right to claim all or part of any remaining sales proceeds or any applicable contract termination fees—if it has a valid power of attorney from the lender or servicer authorizing it to request distribution of the sales proceeds or any applicable contract termination fees. The secured creditor must present the power of attorney to the Fannie Mae regional office with its request that Fannie Mae distribute the sales proceeds or any applicable contract termination fees. A secured creditor's failure to execute the acknowledgment agreement may impair its ability to claim any portion of the sales proceeds or any applicable contract termination fees if Fannie Mae terminates the lender or servicer's contract and sells the servicing portfolio and will impair its ability to request Fannie Mae to transfer the mortgage loans for which the servicing rights are pledged to another servicer if the lender or servicer defaults under the security agreement. A lender or servicer's failure to execute the acknowledgment agreement could result in a suspension of its selling and servicing rights or in the termination of its Lender Contract, if it proceeds with an unauthorized pledging of its servicing rights.

Section 201.08  
Termination of Servicing  
Arrangement Without  
Cause (04/01/09)

The servicer or Fannie Mae may terminate the servicing arrangement without cause.

Section 201.08.01  
Servicer's Termination  
(09/30/06)

By giving Fannie Mae advance written notice, a servicer may terminate its contractual rights to the servicing of mortgage loans or participation interests in mortgage loans for all of the mortgage loans and MBS pools it is servicing without providing for a transferee servicer to assume the servicing obligations. The termination will become effective on the last business day of the third month following the month in which the notice is given. The servicer's termination of its servicing arrangement does not release it from any of its responsibilities or liabilities related to specific mortgage loans and MBS pools that Fannie Mae purchased or securitized (or contracted to purchase or securitize) before the termination, unless Fannie Mae expressly agrees in writing to release the servicer from those responsibilities or liabilities. Absent Fannie Mae's written agreement, the servicer may not terminate its servicing rights for less than all of the mortgage loans or participation interests in mortgage loans that it is servicing for Fannie Mae.

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To assist Fannie Mae in complying with IRS reporting requirements, a servicer that collects prepayment premiums under the terms of a negotiated contract should report any prepayment premium it collects for a given mortgage loan (even if the premium is not remitted to Fannie Mae) as part of the monthly activity information it provides through Fannie Mae's investor reporting system.

#### **Section 204 Changes in Servicer's Organization (04/01/09)**

The servicer must send Fannie Mae written notice of any contemplated major change in its organization. The servicer must follow all requirements in the *Selling Guide, A4-3-01, Report of Changes in the Lender's Organization*.

In addition, in those situations in which a servicer either is involved in a merger or acquisition or is changing its name, undergoing a corporate reorganization, experiencing either a direct or an indirect change of control, or having a majority interest in its stock change hands, Fannie Mae will treat the action as a transfer of servicing that must be approved and processed in accordance with the requirements of *Section 205, Post-Delivery Transfers of Servicing (09/30/06)*. If the lender fails to provide adequate notice of, or obtain approval for, such contemplated actions, Fannie Mae may impose a compensatory fee and exercise any other available remedies

#### **Section 205 Post-Delivery Transfers of Servicing (09/30/06)**

Subsequent to the delivery of mortgage loans to Fannie Mae, a servicer cannot transfer its responsibility for servicing any such mortgage loans unless Fannie Mae approves the transfer. Fannie Mae will not recognize unauthorized transfers of servicing. In fact, any such action may be the basis for terminating the contractual relationships Fannie Mae has with both the transferor and transferee servicers. Instead of terminating the contractual relationship(s), Fannie Mae may choose to impose sanctions, compensatory fees, or other available remedies when a servicer fails to give Fannie Mae adequate notice of a proposed transfer, obtain its approval for a transfer, or fulfill any conditions of Fannie Mae's approval of a given transfer of servicing. (The amount of any compensatory fee Fannie Mae imposes can vary depending on the circumstances; however, it will not be greater than 1% of Fannie Mae's share of the aggregate UPB of the mortgage loans being transferred.) Fannie Mae will hold any transferor or transferee servicer that enters into an unauthorized transfer of servicing liable for any losses, liabilities, or other expenses Fannie Mae incurs as the result of the unauthorized transfer.



The servicer must obtain Fannie Mae's prior written consent for any transfer of servicing involving Fannie Mae-owned or Fannie Mae-securitized mortgage loans. Fannie Mae generally will consider requests for transfers of either all or a portion of the mortgage loans that a lender services for it. However, if the transfer involves mortgage loans in a regular servicing option MBS pool or a shared-risk special servicing option MBS pool for which the servicer's shared-risk liability is still in effect, individual loan-level servicing transfers are not permitted; rather, the servicing of all of the mortgage loans in the pool must be transferred. The transferor servicer may use a CPU-to-CPU electronic file transfer or any other electronic means that Fannie Mae specifies to notify Fannie Mae about a full transfer of its servicing portfolio or to provide it with a list of mortgage loans that will be included in a partial transfer of servicing (see *Part X, Section 206, Transaction Type 80 (Subservicer Arrangement Record) (01/31/03)*). The servicer's electronic notification may be submitted as early as six months and as late as fifteen days before the proposed effective date for the transfer of servicing.

The proposed transferee servicer must be an approved servicer that is in good standing with Fannie Mae. The servicer also must have in place appropriate controls and adequate procedures relating to the boarding of new loans (subsequent either to origination or acquisition of servicing pursuant to a servicing transfer) to avoid any delayed application of borrower payments of principal, interest, taxes, or insurance (when applicable). In particular, servicing errors and disputes may occur as a result of servicing transfers. Accordingly, before Fannie Mae approves a transfer, it will evaluate the transferee servicer's performance in the following areas (although it may consider additional factors if it chooses to do so):

- overall servicing performance, including the servicing of special mortgage loan products, accounting, and remitting;
- capacity to service the number and types of mortgage loans that are to be included in the proposed transfer;
- overall performance of other contractual duties and obligations;
- delinquency ratios;

- foreclosure and acquired property activity;
- status of unresolved issues related to repurchase requests, claim denials or curtailments, or other outstanding claims; and
- financial condition.

Fannie Mae's contractual requirements related to transfers of servicing and the servicers' obligations to perform under them apply in all cases (unless Fannie Mae expressly waives them in writing); therefore, Fannie Mae encourages a servicer that is contemplating the purchase of another servicer's portfolio to contact its Portfolio Manager, Servicing Consultant, or the National Servicing Organization's Servicer Solutions Center early in the negotiation process. This will ensure that the servicer is aware of any objections Fannie Mae might have to its becoming a transferee servicer for the servicing portfolio it is considering purchasing, can determine whether the proposed transfer involves unusual circumstances or conditions that might require additional time for Fannie Mae to review, and ascertain whether the proposed transfer has terms that might not be readily acceptable to Fannie Mae.

Fannie Mae will make no representations or warranties about the value, condition, or any other aspects of the mortgage loans for which servicing will be transferred. Because the transferee servicer will be liable to Fannie Mae for all obligations of the transferor servicer, Fannie Mae expects that the transferee servicer will perform a due diligence review of the servicing portfolio that it is acquiring. However, the transferee servicer's obligations to Fannie Mae are not contingent on the performance of such a due diligence review. To assist the two servicers in processing and reconciling the transfer of servicing, Fannie Mae has designed a series of reports that should significantly reduce the likelihood of errors or delays in the transfer process. The information in these reports can be used to reconcile and correct loan-level information related to the mortgage loans for which servicing is to be transferred. Any information in the reports Fannie Mae provides will be compiled from data in its records (including information it received from third parties, but did not independently verify). However, Fannie Mae does not attest to the accuracy, completeness, or suitability of the information for the servicers' use for any particular purpose(s). For any given transfer of servicing, Fannie Mae will use appropriate business practices to permit both the transferor servicer and the transferee servicer



(but no other parties) to have access to the data on which the reports are based. Fannie Mae does not represent or warrant that any unauthorized party will not be able to gain access to the data (particularly when it is transmitted electronically), nor will Fannie Mae be responsible for any damages arising out of, or related to, such parties gaining access to the data and using the information it provides.

To ensure that Fannie Mae has sufficient time to review a proposed transaction and to give the two servicers time to receive Fannie Mae's consent before the proposed effective date for the transfer (and before notices of the transfer are given to borrowers), the transferor servicer must submit a *Request for Approval of Servicing Transfer* ([Form 629](#)) in an electronic format to the appropriate Fannie Mae regional office at least 30 days (and no more than 180 days) before the proposed effective date. At the same time, the transferor servicer should submit a check for a nonrefundable \$500 processing fee (which should note the names of both servicers and the proposed effective date of the transfer). (The proposed effective date of the transfer must be the last business day of the last month for which the transferor servicer will be responsible for reporting loan-level detail activity to Fannie Mae.)

If any of the mortgage loans for which servicing is to be transferred are in MBS pools that are part of a Fannie Majors<sup>®</sup> multiple pool and the transferee servicer is already servicing mortgage loans in the same Majors pool, it may report the transferred mortgage loans under the same nine-digit Fannie Mae lender identification number that it currently uses, as long as the mortgage loans have the same remittance type and date as the mortgage loans that it is already reporting under that number. If the transferred mortgage loans have a different remittance type or date, the transferee servicer must contact its Portfolio Manager, Servicing Consultant, or the National Servicing Organization's Servicer Solutions Center to request a new branch lender identification number for reporting on the transferred mortgage loans.

If Fannie Mae consents to a proposed transfer of servicing, it will deliver its consent to the two servicers using the same format in which it received the Form 629. Fannie Mae's consent will state that, by implementing the related transfer of servicing, both the transferor servicer and the transferee servicer agree to the provisions of the MSSC, this Guide (and any amendments made to this Guide with respect to servicing transfers or to

the servicing of the transferred mortgage loans), and any other provisions set forth in the consent and acknowledge that all such obligations become effective as of the effective date of the transfer of servicing (although some of the obligations, such as those for notifying borrowers, will have begun or will have been completed prior to the effective date). As a condition of approving the transfer of servicing, Fannie Mae reserves its right to request and obtain (at any time) a copy of the servicing transfer agreement between the transferor servicer and the transferee servicer.

The following *Sections* discuss Fannie Mae's standard conditions for approval of a servicing transfer. Fannie Mae also may impose additional terms and conditions on its consent to a servicing transfer if it deems it to be appropriate under the particular circumstances. If it does, it will describe those conditions in its consent statement.

**Section 205.01**  
**Portfolio Definition**  
**(01/31/03)**

The transfer of the servicer's entire servicing portfolio must include all mortgage loans that are being serviced even if they no longer generate any servicing fee income. This means that delinquent mortgage loans and foreclosed mortgage loans that have been removed from an active accounting status must be transferred, unless Fannie Mae has notified the servicer that Fannie Mae's records have been closed or the servicer has repurchased a mortgage loan under the terms of the regular servicing option or a negotiated shared-risk servicing option.

Fannie Mae will approve the transfer of servicing for an FHA coinsured mortgage loan only if the proposed servicer is a HUD-approved coinsurer that is willing to assume the coinsurance obligations for the mortgage loan.

**Section 205.02**  
**Servicing Fee (01/31/03)**

Generally, the transferee servicer will receive the same servicing compensation that the transferor servicer was receiving. For actual/actual and scheduled/actual remittance type mortgage loans held in Fannie Mae's portfolio, the transferee servicer will receive as its servicing fee the same amount—the base servicing fee plus any excess yield—that the transferor servicer had been receiving. For MBS mortgage loans and for scheduled/scheduled remittance type mortgage loans held in Fannie Mae's portfolio, the transferee servicer will receive compensation at the same rate that the transferor servicer had been receiving, which is the difference between the mortgage interest rate (less any applicable premium for

lender-purchased mortgage insurance) and the sum of Fannie Mae's required pass-through rate and the guaranty fee rate.

Section 205.03  
Assumption of Warranties  
and Other Obligations  
(01/31/03)

The transferee servicer must assume all of the responsibilities, duties, and selling warranties that were agreed to whether made when the mortgage loan was originally sold to Fannie Mae or subsequent to that date. This includes responsibility for the performance of obligations that predate the transfer, including "special obligations" (as that term is used in *Section 201.02, Representation and Warranty Requirements for the Servicing of All Mortgage Loans (06/10/11)*). However, the transferee servicer's assumption of these responsibilities, duties, and warranties will in no way release the transferor servicer from its contractual obligations related to the transferred mortgage loans. The two servicers will be jointly and severally liable to Fannie Mae for all warranties and for repurchase, all special obligations under agreements previously made by the transferor servicer or any previous seller or servicer (including actions that arose prior to the transfer).

Fannie Mae requires a servicer to provide special notification to the new servicer when it includes eMortgages in a transfer of servicing. Specifically, the transferor servicer must advise the transferee servicer that eMortgages are part of the portfolio being transferred and must confirm that the transferee servicer is not only aware of the special requirements for eMortgages required by Fannie Mae's *Guide to Delivering eMortgage Loans to Fannie Mae*, but also agrees to assume the additional responsibilities associated with servicing eMortgages.

Fannie Mae requires the servicer to provide special notification to the new servicer when mortgage loans subject to resale restrictions (whether or not the restrictions survive foreclosure or acceptance of a deed-in-lieu) are included in the portfolio being transferred. The servicer must identify each mortgage loan subject to resale restrictions on the *Request for Approval of Servicing Transfer* ([Form 629](#)). The transferee servicer must be aware of its duties and obligations related to the servicing of mortgage loans subject to resale restrictions.

The transferee servicer agrees to assume all obligations related to the servicing of MBS pools—including all duties and responsibilities under the regular servicing option or a negotiated shared-risk servicing option, bearing all costs and risks previously borne by the transferor servicer (or

any earlier seller or servicer), as well as any additional costs and risks that arise subsequent to, or as the result of conditions imposed on, the transfer.

Fannie Mae's consent to a transfer of servicing does not release either the transferor servicer or the transferee servicer from any obligation it would otherwise have to Fannie Mae. As of the effective date for an approved transfer of servicing, the transferor servicer and the transferee servicer acknowledge their joint and several liability with respect to the transferred mortgage loans (and for any special obligations outstanding as of the effective date of the transfer, unless Fannie Mae has agreed to release one of the servicers from a specific responsibility). For the most part, Fannie Mae will look first to the transferee servicer for fulfilling any financial or other obligations related to the warranties, repurchase, and special obligations, but Fannie Mae does reserve the right to hold the transferor servicer to these obligations. In fact, both servicers also acknowledge their obligation to ensure that Fannie Mae is paid directly any proceeds of the servicing transfer that may be required to offset any claims Fannie Mae may have against the transferor servicer and agree to indemnify Fannie Mae for any loss or damage arising out of a failure to fully transfer all documents, records, and funds required by the servicing transfer agreement.

**Section 205.04**  
**Notifying Borrowers**  
**(01/31/03)**

The transferor and transferee servicers must work together closely to ensure that borrowers receive not only prompt and accurate notification of a pending transfer, but also prompt and courteous responses to their inquiries about the servicing transfer. Both servicers are responsible for sending specific notices to the borrowers whose servicing is being transferred. All notices provided to borrowers must be made in accordance with applicable law, including the provisions of the Real Estate Settlement Procedures Act (RESPA) and any state law requirements.

**Section 205.05**  
**Notifying Third Parties**  
**(01/31/03)**

To ensure that all servicing functions that involve third parties will continue uninterrupted (or will be discontinued if that is appropriate) after the transfer of servicing, either the transferor servicer or the transferee servicer must take the following actions:

- Fulfill all requirements of each mortgage insurance policy that insures any of the conventional mortgage loans included in the transfer—including, but not limited to, the requirements for providing timely notification or requesting prior approval—to ensure the continuation of

final monthly accounting period for all mortgage loans and MBS pools included in the servicing transfer. The two servicers should agree on how to resolve any differences and reconcile items or funds that are owed Fannie Mae or security holders. (Any questions regarding resolution of these issues should be directed to the transferor servicer's Fannie Mae investor reporting system Business Analyst.) Within 30 days after the effective date of the servicing transfer, the transferor servicer must send its Fannie Mae investor reporting system Business Analyst a copy of the completed shortage/surplus reconciliation related to the transferred mortgage loans (so it can be used to support any adjustment that may need to be made to the transferor servicer's shortage/surplus balance). The transferee servicer will be responsible for any Fannie Mae investor reporting system shortages or security balance deficiencies related to mortgage loans or pools included in the transfer that are not resolved by the transferor servicer.

**Section 205.09**  
**Preparing Mortgage**  
**Assignments (01/31/03)**

The need to prepare new mortgage assignments in connection with a transfer of servicing will depend on whether Fannie Mae is the owner of record for the mortgage loan and, if Fannie Mae is not, on whether the mortgage loan is registered with MERS.

In those instances in which Fannie Mae holds the custodial documents, any required assignments that are submitted to Fannie Mae must be identified by the applicable Fannie Mae loan number and submitted under cover of a transmittal letter that includes the following information:

- the name of the transferor servicer;
- the name of the transferee servicer;
- the number of mortgage loans included in the transfer, as well as the number of mortgage loans for which recordable (but unrecorded) assignments to Fannie Mae have been executed;
- the effective date of the transfer;
- a trial balance of the transferred mortgage loans, which identifies the mortgage loans for which assignments to Fannie Mae are being provided (or, if only a few mortgage loans are being transferred, a list

of the transferred mortgage loans for which assignments are being provided);

- the transfer log number provided by the Portfolio Manager, Servicing Consultant, or the National Servicing Organization's Servicer Solutions Center when the transfer was approved; and
- the name and telephone number of a person Fannie Mae can contact if it has any questions about the documents.

**Fannie Mae is the owner of record.** A new mortgage assignment does not need to be prepared if the assignment to Fannie Mae has been recorded. A mortgage loan for which Fannie Mae is the owner of record would be one of the following:

- a mortgage loan that was delivered to Fannie Mae before it converted to the Fannie Mae investor reporting system in 1984 (regardless of the location of the security property);
- a mortgage loan that is secured by a property located in Mississippi or Utah, if the mortgage loan was delivered to Fannie Mae during the period that Fannie Mae required recorded assignments for a Mississippi mortgage loan (after September 1, 1988, until June 7, 1989) or for a Utah mortgage loan (after September 1, 1988, until October 31, 1991); or
- a mortgage loan for which Fannie Mae requested recordation of the assignment (for any reason) after it purchased or securitized the mortgage loan.

**Fannie Mae is not the owner of record and the mortgage loan is not registered with MERS.** An assignment from the transferor servicer to the transferee servicer must be prepared and recorded if an assignment to Fannie Mae has not been recorded for a mortgage loan that is not registered with MERS. (Blanket assignments may be used for the assignment, as long as the coverage for each blanket assignment is restricted to a single recording jurisdiction.) The transferee servicer has full responsibility for recording an assignment from the transferor servicer to itself, regardless of which servicer prepares and records the assignment. Then, an assignment from the transferee servicer to Fannie Mae must be

prepared (in recordable form, but not recorded) to replace the one Fannie Mae had originally received from the transferor servicer. This unrecorded assignment from the transferee servicer to Fannie Mae should be an individual assignment. The unrecorded assignment to Fannie Mae must be delivered to Fannie Mae or the applicable document custodian within *six* months of the effective date of the servicing transfer.

Generally, when a transferred mortgage loan is secured by a property located in Puerto Rico, neither an assignment of the mortgage loan from the transferor servicer to the transferee servicer nor an unrecorded assignment from the transferee servicer to Fannie Mae will need to be prepared and recorded. However, there are two situations in which an assignment of the mortgage loan (or a similar document) will need to be prepared and recorded:

- For a “direct” mortgage loan (one that is documented by a single instrument that combines the terms of the note and the mortgage loan), a deed of assignment of the mortgage loan must be prepared and recorded to advance the chain of title through the transferee servicer’s name. (This deed of assignment can be an individual assignment or a blanket assignment, as permitted by the jurisdiction.) The transferee servicer will then need to execute an individual unrecorded assignment of the mortgage loan to Fannie Mae and submit it to Fannie Mae (or the applicable document custodian) within *six* months after the effective date of the servicing transfer.
- For any other mortgage loan for which Fannie Mae (or the applicable document custodian) does not have in its possession an unrecorded assignment to Fannie Mae that was executed by the lender that originated the mortgage loan, such an assignment must be obtained from the mortgage loan originator. If that is not possible, the transferee servicer must prepare an individual unrecorded assignment of the mortgage loan from itself to Fannie Mae and submit it to Fannie Mae (or the applicable document custodian) within *six* months of the effective date of the servicing transfer. When the transfer of servicing includes a large number of mortgage loans secured by properties in Puerto Rico, one or more blanket assignments may be used if it is not practical to execute individual assignments.



**Fannie Mae is not the owner of record and the mortgage loan is registered with MERS.** Generally, neither an assignment of the mortgage loan from the transferor servicer to the transferee servicer nor an unrecorded assignment from the transferee servicer to Fannie Mae will need to be prepared and recorded when the servicing of a MERS-registered mortgage loan is transferred to a servicer that is a MERS member (if the transferee servicer intends to continue the MERS registration for the mortgage loan). In some situations, Fannie Mae may indicate that it wants to obtain these assignments.

However, when the servicing of a MERS-registered mortgage loan is transferred to a servicer that is not a MERS member (or to a servicer that elects not to continue the MERS registration for the mortgage loan), Fannie Mae requires:

- the transferor servicer to prepare an assignment of the mortgage loan from MERS to the transferee servicer and have it executed,
- the transferor servicer to “deactivate” the mortgage loan in MERS,
- the transferor servicer or the transferee servicer (at their choice) to record the assignment of the mortgage loan from MERS to the transferee servicer, and
- the transferee servicer to prepare a recordable (but unrecorded) assignment of the mortgage loan from itself to Fannie Mae and to deliver it to Fannie Mae or the applicable document custodian.

When the originator of the mortgage placed the MERS Mortgage Identification Number (MIN) on the note when the mortgage was registered with MERS (and the mortgage loan is still registered with MERS), the document custodian will be able to tell whether an assignment of the mortgage loan needs to be required in connection with the transfer of servicing. When the MIN is on the note, but the mortgage loan is no longer registered with MERS, either the transferor servicer or the transferee servicer must notify the document custodian to delete the MIN from the note (with the servicer that is responsible for the deactivation providing the notice). When the MIN does not appear on the note, other actions must be taken to ensure that the custodian is aware of whether or not the mortgage loan is registered with MERS. This can be accomplished

by (1) providing the custodian with a copy of the original *Schedule of Mortgages* ([Form 2005](#)) that has been appropriately annotated to indicate that a mortgage loan originally registered with MERS is no longer registered (by deleting the MIN that was originally reported) or to indicate the subsequent registration with MERS (by inserting the applicable MIN); or (2) providing the custodian with a listing of all MERS-registered mortgage loans that are included in the transfer, along with a certification that any and all other mortgage loans included in the transfer are not currently registered with MERS. (If there are more MERS-registered mortgage loans included in the transfer than there are unregistered mortgage loans, the listing may instead identify the unregistered mortgage loans and then the certification should state that any and all other mortgage loans included in the transfer are currently registered with MERS.)

Section 205.10  
Transfer of Custodial  
Documents (09/30/05)

When the transfer of servicing includes MBS mortgage loans, the transferee servicer may choose to use the existing document custodian (if it meets all of Fannie Mae's eligibility criteria for document custodians), to make arrangements for a different document custodian (including Fannie Mae's DDC), or to retain custody of the documents itself (if it satisfies Fannie Mae's eligibility criteria for document custodians and the additional criteria Fannie Mae imposes on lenders that act as the document custodian). If the transferee servicer chooses to use the existing document custodian, it will need to have a *Master Custodial Agreement* ([Form 2003](#)) executed—unless it already has a master custodial agreement on file for that custodian—and ask the document custodian to complete an *MBS Custodian Recertification* ([Form 2002](#)) in connection with the servicing transfer within six months of the effective date of the transfer. If Fannie Mae's DDC is already holding the custodial documents for the mortgage loans that are being transferred, Fannie Mae will update its records to reflect the new servicer and accept any new unrecorded assignment of the mortgage loan to Fannie Mae from the transferee servicer, if applicable, without charging any additional fees.

If the transferee servicer chooses to change document custodians (or decides to hold the documents itself), the transferor servicer is responsible for controlling the documents until they are released to the new document custodian. The transferee servicer and the transferor servicer must work out appropriate arrangements for paying the costs of transferring the documents and obtaining the required pool recertification in an

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### Mortgage Loan Files and Records

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- protect against unauthorized access to or use of such files and records and is responsible for requiring, by contract, that any subservicers or other third parties that access mortgage files and records also implement these measures.

Fannie Mae has the right to examine, at any reasonable time, any and all records that pertain to mortgage loans it holds in its portfolio or those that have been included in an MBS pool, any and all accounting reports associated with those mortgage loans and borrower remittances, and any other reports, data, information, and documentation that it considers necessary to ensure that the servicer is in compliance with Fannie Mae's requirements.

#### **Section 401 Ownership of Mortgage Loan Files and Records (01/31/03)**

All records pertaining to mortgage loans sold to Fannie Mae—including but not limited to the following—are at all times the property of Fannie Mae and any other owner of a participation interest in the mortgage loan:

- notes,
- security instruments,
- loan applications,
- credit reports,
- property appraisals,
- tax receipts,
- payment records,
- insurance policies and insurance premium receipts,
- water stock certificates,
- ledger sheets,
- insurance claim files and correspondence,
- foreclosure files and correspondence,

- current and historical computerized data files,
- machine-readable materials, and
- all other documents, instruments and papers pertaining to the loan including, without limitation, any records, data, information, summaries, analyses, reports, or other materials representing, based on, or compiled from such records that are reasonably required to originate and subsequently service a mortgage loan properly.

These documents and records are Fannie Mae's property regardless of their physical form or characteristics or whether they are developed or originated by the mortgage loan seller or servicer or others.

The mortgage loan originator, seller, or servicer; any service bureau; or any other party providing services in connection with servicing a mortgage loan for, or delivering a mortgage loan to, Fannie Mae will have no right to possession of these documents and records except under the conditions specified by Fannie Mae.

Any of these documents and records in possession of the mortgage loan originator, seller, or servicer, any service bureau, or any other party providing services in connection with selling a mortgage loan to, or servicing a mortgage loan for, Fannie Mae are retained in a custodial capacity only.

**Section 402**  
**Electronic Records**  
**(10/31/08)**

An electronic record is a contract or other record that is created, generated, sent, communicated, received, or stored by electronic means. A record is information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form. Servicers (and/or, as applicable, document custodians) are required to retain the foregoing records as set out below. All records in the individual mortgage loan file may be retained as electronic records, except for the promissory note and any records that modify or supplement the promissory note, in which case the original ink-signed records of such instruments should be stored in the mortgage loan files. Where a lender has an eMortgage variance in place with Fannie Mae, these requirements may not apply.

**Section 405  
Types of Records  
(01/31/03)**

must retain with its records for the applicable MBS pool, a copy of the Form 2002 and the trial balance (or annotated Form 2005) for the MBS pool. The servicer will not need to provide any recertification documentation if the new document custodian is Fannie Mae's DDC.

Mortgage loan files and records that may be required to be sent to Fannie Mae include individual mortgage loan files, permanent mortgage account records, and accounting system reports. The responsibility for the physical possession of the mortgage loan documents may vary depending on whether the mortgage loan is a portfolio or MBS mortgage loan.

The lender must establish the individual mortgage loan file when it originates a mortgage. If the lender does not service the mortgage, it must transfer the file to the servicer to ensure that the servicer will have complete information about the mortgage loan in its records.

The accounting records relating to mortgage loans serviced for Fannie Mae must be maintained in accordance with sound and generally accepted accounting principles and in such a manner as will permit Fannie Mae's representatives to examine and audit such records at any time.

Specifically, Fannie Mae's examination and audit of a servicer's records will consist of:

- monitoring all monthly accounting reports submitted to Fannie Mae;
- conducting periodic procedural reviews during visits to the servicer's office or the document custodian's place of business;
- conducting, from time to time, in-depth audits of the servicer's internal records and operating procedures—including, but not limited to, the examination of financial records, borrower escrow deposit accounts, and underwriting standards; and
- performing spot-check underwriting reviews of mortgage loans in the servicer's portfolio on a random sample basis.

State and federal law now recognizes electronic records as being equivalent to paper documents for legal purposes; therefore, Fannie Mae's

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#### Section 405.01 Individual Mortgage Loan Files (08/24/03)

requirements for record accessibility and retention apply equally to paper and electronic records.

The lender must establish an individual file for each mortgage loan it sells to Fannie Mae. Each file must be clearly identified by Fannie Mae's loan number, which can be marked on the file folder or logically associated with any file which is composed of electronic records.

Files for participation pool mortgage loans must be clearly identified by the words "Fannie Mae participation" and Fannie Mae's percentage interest.

Files for MBS mortgage loans must identify the number of the related MBS pool.

Files must include any records that will be needed to service the mortgage loan as well as records that support the validity of the mortgage loan. The servicer should use the individual mortgage loan file established at the time of origination to accumulate other pertinent servicing and liquidation information, such as:

- property inspection reports,
- copies of delinquency repayment plans,
- copies of disclosures of ARM interest rate and payment changes,
- documents related to insurance loss settlements, and
- foreclosure notices.

Among other things, the initial individual mortgage loan file must include:

- a copy of the Participation Certificate, if applicable;
- a copy of the related Schedule of Mortgages for a mortgage loan (or a participation interest in a mortgage loan) if an MBS mortgage loan;



- originals of the recorded mortgage or deed of trust, any applicable rider, and any other documents changing the mortgage loan terms or otherwise affecting Fannie Mae's legal or contractual rights;
- a copy of the mortgage or deed of trust note and any related addenda;
- a copy of either the unrecorded assignment to Fannie Mae (or the recorded assignment, when applicable), or the original assignment to MERS, if the mortgage loan is registered with MERS and MERS is not named as nominee for the beneficiary, and copies of all required intervening assignments;
- a copy of the FHA mortgage insurance certificate, VA mortgage loan guaranty certificate, RD mortgage loan note guarantee certificate, HUD Indian mortgage loan guarantee certificate, or conventional mortgage insurance certificate, if applicable;
- a copy of the underwriting documents, including any Desktop Underwriter reports;
- a copy of the title policy, hazard insurance policy, flood insurance policy (if required), and any other documents that might be of interest to a prospective purchaser or servicer of the mortgage loan or might be required to support title or insurance claims at some future date (for example, FEMA's flood hazard determination form, title evidence, or survey); and
- a copy of the final HUD-1 Settlement Statement (or HUD-1A if applicable) or other closing statement evidencing all settlement costs paid by the borrower and seller, executed by the borrower and seller (if applicable).

**Note:** In escrow states, if the lender is unable to have the final HUD-1 signed by the borrower and seller, the lender may supplement the final HUD-1 signed by the escrow officer with either:

- the estimated HUD-1 (or multiple matching documents) signed by the borrower and seller, or

- the final Escrow Instructions (or multiple matching documents) signed by the borrower and seller.

The servicer must retain any of these applicable documents and must ensure that they are readily accessible if needed in any bankruptcy or foreclosure proceeding, or for any other purpose in connection with the servicing of the mortgage loan. The servicer may hold copies if originals are not required, while originals have been sent for filing but have not yet been returned, or while the originals are otherwise temporarily out of the servicer's possession.

After a mortgage loan is liquidated, the servicer must keep the individual mortgage loan records for at least four years (measured from the date of payoff or the date that any applicable claim proceeds are received), unless the local jurisdiction requires longer retention or Fannie Mae specifies that the records must be retained for a longer period.

Examples of the collateral document(s) for a manufactured home that are required for mortgage loans for which an application was taken on or after August 24, 2003 include:

- in states where a manufactured home can become real property without first being titled as personal property, documentation (if it is available) indicating that no certificate of title (or similar ownership document) was ever issued;
- in states where the certificate of title (or similar ownership document) can be surrendered or retired when the home becomes real property, documentation evidencing such surrender or retirement;
- the certificate of title (or similar ownership document) if it has not been or cannot be surrendered;
- any Uniform Commercial Code (UCC) financing statement (or similar notice of lien) that was filed pursuant to applicable law; or
- a security agreement that creates a lien on the manufactured home in addition to the mortgage loan or deed of trust.

Servicers that have collateral documents for manufactured housing loans prior to August 24, 2003, must retain any such documents, but they are not required to seek these documents for such mortgage loans.

Generally, the only documents associated with the origination and servicing of a mortgage loan that the servicer needs to retain in paper format are the security instrument (and any related riders), any other document that changes the terms of the mortgage loan, the assignment for a MERS-registered mortgage loan (when MERS is not named as nominee for the beneficiary), the unrecorded assignment of the mortgage loan to Fannie Mae (if the mortgage loan is not registered with MERS and the servicer or a document custodian is holding the assignment as a custodial document), and the note and any related addenda (if the servicer or a document custodian is holding the note as a custodial document). All other documents in the individual mortgage loan file may be retained in an electronic format (as discussed in *Section 406, Record Retention and Data Integrity (01/31/03)*). When the servicer chooses to store these documents in a format other than paper, it must provide any prospective transferee servicer with information about the methods it uses for document and records storage. If the transferee servicer uses a different storage method, the transferor servicer must work with the transferee servicer to convert the documents and records to a format that is compatible with the transferee servicer's storage methods.

Section 405.02  
Mortgage Loan Payment  
Records (01/31/02)

The servicer also must maintain permanent mortgage account records for each mortgage loan it services for Fannie Mae. The records must be identified by Fannie Mae's loan number (and any related participation certificate or MBS pool number) in addition to any other identification the servicer uses. The servicer may develop its own system for maintaining these records, as long as it can produce an account transcript within a reasonable time after it is requested.

The servicer's accounting system must be able to produce detailed information on:

- all transactions that affect the mortgage loan balance (the amount and due date of each payment, when the payment was received, and how the payment was applied);

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they would confirm that the servicer did not take certain actions that Fannie Mae requires. If that is not the case, the servicer must provide a reasonable explanation for its failure to produce the records and, if appropriate, offer evidence that any particular requirement Fannie Mae is concerned about was satisfied. If the servicer fails to provide a reasonable explanation or any evidence showing that the requirement was satisfied, Fannie Mae can take any action that is authorized under the Lender Contract or its Guides for the servicer's breach of its requirements.

If Fannie Mae has to take legal action to obtain these records, the servicer will be liable for any legal fees, costs, and related expenses that Fannie Mae incurs in enforcing its right of access to the records unless it is determined that Fannie Mae had no legal right of access to them.

**Section 408  
MERS-Registered  
Mortgage Loans  
(01/31/03)**

MERS is an electronic system that assists in the tracking of mortgage loans, servicing rights, and security interests. To initiate the electronic tracking, a lender assigns a special MERS MIN to the mortgage loan, registers the mortgage loan in MERS, and then either (1) originates the mortgage loan with MERS appearing in the security instrument as nominee for the beneficiary and its successors and assigns or (2) records an assignment of the mortgage loan to MERS (thus making MERS the mortgagee of record).

When a MERS-registered mortgage loan is delivered to Fannie Mae, the lender reports the MIN on the *Loan Schedule* (Form 1068 or Form 1069) or on the *Schedule of Mortgages* (Form 2005) and, after Fannie Mae purchases the mortgage loan, Fannie Mae notifies MERS to ensure that its records are updated to reflect Fannie Mae's ownership interest. If a mortgage loan is not registered with MERS until after Fannie Mae purchases it, the servicer must report Fannie Mae's ownership when it registers the mortgage loan.

A servicer that chooses to register its entire servicing portfolio with MERS may identify a few instances in which Fannie Mae is the owner of record for the mortgage loan (because an original assignment of the mortgage loan to Fannie Mae was recorded in the public records). When that is the case, the servicer will need to prepare an assignment of the mortgage loan from Fannie Mae to MERS and send it to Fannie Mae for execution (and subsequently record it in the public records) before it can complete the registration of the mortgage loan with MERS.

Registration of Fannie Mae–owned or Fannie Mae–securitized mortgage loans in MERS (as either an assignee or the nominee of the original mortgagee) does not change the lender’s (or mortgage servicer’s) responsibility for complying with all applicable provisions of the MSSC, Fannie Mae’s Guides (as they may be amended from time to time), the lender or servicer’s Master Agreement, or any negotiated contract that it has with Fannie Mae (unless Fannie Mae specifies otherwise), or other agreements that are part of the Lender Contract. MERS will have no beneficial interest in the mortgage loan, even if it is named as the nominee for the beneficiary in the security instrument. In addition, MERS’ failure to perform any obligation with respect to a MERS-registered mortgage loan does not relieve the lender (or the mortgage servicer) from its responsibility for performing any obligation required by the terms of its Lender Contract.

The lender or servicer is responsible for the accurate and timely preparation and recordation of security instruments, assignments, lien releases, and other documents relating to MERS-registered mortgage loans and must take all reasonable steps to ensure that the information on MERS is updated and accurate at all times. The lender or mortgage servicer also will be solely responsible for any failure to comply with the provisions of the MERS Member Agreement, Rules, and Procedures and for any liability that it or Fannie Mae incurs as a result of the registration of mortgage loans with MERS or any specific MERS transaction.

**Section 408.01  
Termination of MERS  
Registration for Active  
Mortgage Loan  
(01/31/03)**

A servicer may decide that it does not want a mortgage loan that it is actively servicing to remain registered in MERS for some reason. In such cases, the servicer will need to notify MERS to request that the mortgage loan be “deactivated” in MERS. (MERS will notify Fannie Mae about the deactivation of any mortgage loan in which it has an interest.) The servicer will need to prepare an assignment of the mortgage loan from MERS to itself and have it executed, and then record the executed assignment in the public land records. The servicer also must prepare (in recordable form) an unrecorded assignment of the mortgage loan from itself to Fannie Mae and submit the original of that assignment to Fannie Mae’s DDC or the applicable document custodian.

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**Lender Relationships**

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**Mortgage Loan Files and  
Records**

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**Section 408**March 14, 2012

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**Section 408.02  
Termination of Servicer's  
MERS Membership  
(01/31/03)**

If, for any reason, a servicer's membership in MERS is terminated, the servicer must notify Fannie Mae promptly. For each MERS-registered mortgage loan that it is servicing for Fannie Mae, the servicer must prepare an assignment of the mortgage loan from MERS to itself and have it executed, and then record the executed assignment in the public land records. The servicer also must prepare (in recordable form) an unrecorded assignment of the mortgage loan from itself to Fannie Mae and submit the original of that assignment to Fannie Mae's DDC or the applicable document custodian.



March 14, 2012

Section 101

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**Section 101  
Routine vs. Nonroutine  
Litigation (10/01/08)**

A servicer generally should not initiate routine legal proceedings in Fannie Mae's name, but in instances where it is appropriate or necessary to do so, Fannie Mae must be described in the legal proceedings as "Federal National Mortgage Association (Fannie Mae), a corporation organized and existing under the laws of the United States." The servicer, its legal counsel, and foreclosure attorneys (or trustees) should not forward papers, pleadings, and notices related to routine uncontested legal actions to Fannie Mae. If any routine legal proceeding becomes contested (e.g., the defendant in any proceeding files any appeal, motion for rehearing, or similar procedure) or a servicer receives notice of a nonroutine action that involves a Fannie Mae-owned or Fannie Mae-securitized mortgage loan or that will otherwise affect Fannie Mae's interests—regardless of whether Fannie Mae is also named as a party to the action—the servicer must immediately contact Fannie Mae's Regional Counsel via e-mail to [nonroutine\\_litigation@fanniemae.com](mailto:nonroutine_litigation@fanniemae.com).

A servicer may not initiate or defend nonroutine litigation on Fannie Mae's behalf unless it obtains prior written consent from its Fannie Mae Regional Counsel via email. This will enable Fannie Mae to concur in the necessity for the action, the selection of legal counsel, development of legal strategy, and approval of legal fees and costs. One example of a nonroutine legal action is a case in which the servicer's legal counsel wants to pursue a judicial foreclosure in order to clear technical defects even though the security property is located in a state in which the usual method of foreclosure is by non-judicial foreclosure. In this situation, the servicer should not commence a judicial foreclosure for a conventional mortgage loan without first clearing the action with Fannie Mae. Nonroutine litigation also includes any claim, counterclaim, or procedure that: challenges methods in which Fannie Mae does business; involves Fannie Mae's status as a federal instrumentality; requires interpretation of Fannie Mae's Charter, such as removal to federal court based on Fannie Mae's Charter; claims punitive damages from Fannie Mae; or asserts liability against Fannie Mae based on actions of its servicers. Additional examples include "show cause orders" or proceedings and motions for sanctions.

**Section 102  
Prereferral to  
Foreclosure Review  
(10/01/11)**

The servicer must perform a prereferral to foreclosure review of the mortgage loan at least 7 days prior to the date the servicer is required to refer the mortgage loan to foreclosure. Before the review, the breach letter



# Chapter A2-1, Contractual Obligations for Sellers/Service

## Contractual Obligations for Sellers/Service

### Introduction

This chapter explains the basic legal relationship between a seller, servicer, or seller/servicer and Fannie Mae.

### In This Chapter

This chapter contains information on the following subjects:

A2-1-01, Contractual Obligations for Sellers/Service (08/29/2017)	9
A2-1-02, Nature of Mortgage Transaction (04/01/2009)	12
A2-1-03, Indemnification for Losses (08/29/2017)	13

## A2-1-01, Contractual Obligations for Sellers/Service (08/29/2017)

### Introduction

This topic describes some of the seller's, servicer's and seller/servicer's contractual arrangements, including:

- [Role of MSSC](#)
- [Lender Contract: Integration and Non-Divisibility](#)
- [Amendments to the Guides](#)
- [General Contract Terms](#)

### Role of MSSC

After Fannie Mae approves a seller or servicer or seller/servicer, both parties execute the *Mortgage Selling and Servicing Contract* (MSSC) and any other relevant agreements. The continuation of that relationship depends on both parties honoring the mutual promises in the Lender Contract.



The MSSC establishes the basic legal relationship between a seller, servicer or seller/servicer and Fannie Mae and

- establishes the entity as an approved seller of mortgages and participation interests or an approved servicer of mortgages or both; and
- incorporates by reference the *Selling Guide*, the *Servicing Guide*, the *Requirements for Document Custodians*, Software Subscription Agreement, Manuals, Announcements, Lender Letters, Release Notes, Notices, directives and other documents which may be incorporated by reference into the Guides, all as amended or supplemented from time to time.

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## **Lender Contract: Integration and Non-Divisibility**

The MSSC and all of the documents referenced above, together with any other agreements with Fannie Mae that provide for additional obligations to Fannie Mae, such as commitments, master agreements, technology agreements, and collateral agreements, are together referred to as the **“Lender Contract”** and form a single, integrated contract.

A servicer or seller/servicer’s benefits and obligations to service loans under the Lender Contract are integrated and cannot be separated from the seller’s or seller/servicer’s benefits and obligations to sell loans under the Lender Contract.

Fannie Mae relies on this integration and non-divisibility in entering into, and continuing to be bound by, the Lender Contract and in consenting to a servicing transfer.

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## **Amendments to the Guides**

All of Fannie Mae’s communications (Guides, Manuals, Announcements, Lender Letters, Release Notes, and Notices and directives) are incorporated into the Guides by reference, and are effective on the dates specified in such documents. Certain information and requirements posted on Fannie Mae’s website are also incorporated by reference into the Guides.

Fannie Mae transmits communications to sellers, servicers and seller/servicers by posting them on Fannie Mae’s corporate website (or other websites as Fannie Mae may establish in the future). Fannie Mae also publishes some communications (for convenience) via AllRegs.

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## **General Contract Terms**

The following table describes some general contract terms.



GENERAL CONTRACT TERMS	
Topic	Description
Joint and Several Responsibility	<p>Unless Fannie Mae otherwise agrees in writing, upon the transfer of servicing loans:</p> <ul style="list-style-type: none"> <li>the transferor and transferee are jointly and severally responsible for all selling representations, warranties, and obligations related to the transferred loans, including those that arise before delivery of the loans to Fannie Mae; and</li> <li>the transferee is jointly and severally responsible for all servicing obligations and liabilities of the transferor, including those that arise before delivery of the loans to Fannie Mae.</li> </ul>
Terminology and General Conventions	<ul style="list-style-type: none"> <li>While the term “lender” is generally used throughout the <i>Selling Guide</i> to refer to the entity responsible for all aspects of the origination and delivery of loans to Fannie Mae and if applicable, the servicing of loans, the terms “seller”, “servicer”, “lender”, and “seller/servicer” are all used in the Guides in different contexts. The particular term used should not be viewed as an exclusion of an entity’s responsibilities in connection with a loan.</li> <li>The “responsible party” means a seller, servicer, or other entity(ies) that is responsible for the selling representations and warranties or for the servicing responsibilities and liabilities on a loan.</li> </ul>
Glossary of Defined Terms	A glossary of defined terms is included in the Guides.
Independent Contractor	The servicer services Fannie Mae loans as an independent contractor and not as an agent, assignee, or representative of Fannie Mae.
Assignment	<p>A seller, servicer or seller/servicer may not, without Fannie Mae’s prior written consent, assign:</p> <ul style="list-style-type: none"> <li>the Lender Contract, or any component of the Lender Contract such as master agreements, whole loan or MBS commitments or contracts, under any circumstances; or</li> <li>its responsibility for servicing individual mortgages Fannie Mae owns or have a participation interest, except in accordance with the Guides.</li> </ul> <p>Fannie Mae may assign its participation interest in any mortgage and all rights in the mortgages owned under the Lender Contract or any other instruments.</p>
No Third Party Beneficiaries	No borrower or other third party is a third party beneficiary of the Lender Contract or obtains any rights through the Lender Contract or any of our seller, servicer or seller/servicer communications.
Construction	<ul style="list-style-type: none"> <li>The term “including” and similar words means “including, without limitation”.</li> <li>Headings and captions are for convenience only.</li> <li>If any provision of the Lender Contract is held invalid, the enforceability of all remaining provisions are not affected, and the Lender Contract will be interpreted as if the invalid provision were not contained in the Lender Contract.</li> </ul>



GENERAL CONTRACT TERMS	
Topic	Description
Notice of Termination	Any notice of termination of the Lender Contract or any component must be in writing and delivered by hand, electronic mail (with electronic confirmation of delivery), overnight express or similar service (fees prepaid), or first-class United States registered or certified mail with return receipt requested (postage prepaid), to the applicable party at its address specified in the MSSC (which may be changed by written notice).
Governing Law	New York state law without regard to its conflict of law rules.

## Related Announcements

The table below provides references to the Announcements that have been issued that are related to this topic.

Announcement	Issue Date
<a href="#">Announcement SEL-2017-07</a>	August 29, 2017
<a href="#">Announcement SEL-2013-03</a>	April 9, 2013
<a href="#">Announcement 09-06</a>	March 23, 2009
<a href="#">Announcement 08-23</a>	September 16, 2008

## A2-1-02, Nature of Mortgage Transaction (04/01/2009)

### Introduction

This topic contains information on mortgage transaction requirements.

### True Sale

Every delivery of mortgages and/or participation interests, whether whole loan or for securitization, is expressly intended, by both Fannie Mae and the lender, to be the lender's true, absolute, and unconditional sale to Fannie Mae of the mortgages and/or participation interests, and not the lender's pledge thereof to secure a debt or other obligation owed to Fannie Mae.



## Section A2-5.1, Establishment, Ownership, and Retention of Loan Files and Records

### A2-5.1-01, Establishing Loan Files (12/19/2017)

#### Introduction

This topic contains information on loan files, including:

- [Establishing the Loan File](#)
- [Establishing the Loan File for Manufactured Homes](#)
- [Additional Information for the Loan File](#)

#### Establishing the Loan File

The seller must establish the individual mortgage loan file “loan file” when it originates a loan and clearly identifies each file with Fannie Mae’s loan number (and Fannie Mae’s participation and participation percentage interest and MBS pool number, if applicable). The loan file consists of the loan origination file, the loan custodial file, and the loan servicing file held by the seller, servicer, or a prior servicer arising from or related to the origination, sale, securitization, or servicing of a loan or acquired property, as applicable. The loan file includes all records needed to service the loan and support the validity of the loan, and must be readily accessible in connection with the servicing of the loan.

The loan origination file consists of the following:

- all documents, records and reports used to support the underwriting decision required by the Lender Contract;
- any documentation required by Fannie Mae or by law relating to the loan arising from or related to the origination, closing, sale, securitization, or delivery of a loan; and
- documents that are required as part of the post-closing mortgage loan file documentation requirements in the *Selling Guide*.

The following tables describe the documents included in the loan origination file and whether an original or a copy is required.

✓	Original Documents
	any unrecorded documents changing the terms of the note
	the assignment to MERS®, if the loan is registered with MERS and MERS is not named as nominee for the beneficiary, and the copies of all required intervening assignments





✓	Document Copies
	the recorded mortgage or deed or trust, any applicable recorded rider or recorded modification or any other recorded document affecting Fannie Mae's right under the mortgage with the recording information from the recorder's office
	the Participation Certificate, if applicable
	the related Schedule of Mortgages if an MBS loan
	the note and any related addenda
	unrecorded assignments to Fannie Mae (or the recorded assignment, when applicable) and all required intervening assignments
	FHA mortgage insurance certificate, VA loan guaranty certificate, RD loan note guarantee certificate, HUD Indian loan guarantee certificate, or conventional mortgage insurance certificate, if applicable
	underwriting documents, including any DU reports
	property appraisal and inspection orders and reports
	title policy, property insurance policy, flood insurance policy (if required) and any other documents that might be of interest to a prospective purchaser or servicer of the loan or might be required to support title or insurance claims at some future date (for example, FEMA's flood hazard determination form, title evidence, or survey)
	final settlement statement evidencing all settlement costs paid by the borrower and seller (if applicable), <ul style="list-style-type: none"> <li>the final version of the Closing Disclosure does not have to be signed by the borrower and seller although lenders may obtain signatures, which Fannie Mae supports as a best practice;</li> <li>if there are separate Closing Disclosures for the borrower and seller, the copies of the final version of each must be kept in the mortgage loan file.</li> </ul>
	any other documents, records, and reports not specified above that are part of the loan origination file

## Establishing the Loan File for Manufactured Homes

Servicers that have collateral documents for manufactured home loans with application dates prior to August 24, 2003 must retain all such documents, but they are not required to obtain these documents if they do not already have possession of them.

For a manufactured home with an application date on or after August 24, 2003, collateral documents include the following:

✓	Manufactured Home Collateral Documents
	documentation (if available) indicating that no certificate of title (or similar ownership document) was ever issued in states where a manufactured home can become real property without first being titled as personal property;



✓	<b>Manufactured Home Collateral Documents</b>
	documentation evidencing surrender or retirement in states where the certificate of title (or similar ownership document) can be surrendered or retired when the home becomes real property;
	the certificate of title (or similar ownership document) if it has been or cannot be surrendered;
	any UCC financing statement (or similar notice of lien) that was filed pursuant to applicable law; and
	a security agreement that creates a lien on the manufactured home in addition to the loan or deed of trust.

In order to be prepared to meet special servicing and default management requirements for loans secured by manufactured homes, the servicer must ensure that all loans secured by manufactured homes are identified on their internal systems. If it comes to the attention of the servicer that it is servicing a loan secured by a manufactured home that was delivered to Fannie Mae without notation of Special Feature Code 235 (which is required to identify that property type), the servicer must initiate a post-purchase adjustment. See Fannie Mae's [website](#) for additional information.

## Additional Information for the Loan File

The seller/servicer must use the loan origination file to accumulate other pertinent servicing and liquidation information, including, the following:

- property inspection reports,
- copies of delinquency repayment plans,
- copies of disclosures of ARM loan interest rate and payment changes,
- documents related to insurance loss settlements, and
- foreclosure notices.

The loan custodial file consists of the custodial documents and all documents, books, records, and reports, in any format, required to be retained by the document custodian pursuant to the *Servicing Guide* or other Fannie Mae requirements.

The loan servicing file (including the file maintained with respect to an acquired property) consists of all documents, books, records, reports, and payment and escrow histories, in any format, arising from or related to the servicing of the mortgage loan or acquired property by the current servicer or any prior servicer. This includes those required at any time by the Lender Contract or an insurer and documents and records set forth in the *Servicing Guide*. The loan servicing file must also include copies of all documents or records that are used to evaluate a borrower and the property condition when determining the eligibility for a workout option.

## Related Announcements

The table below provides references to the Announcements that have been issued that are related to this topic.



Announcement	Issue Date
<a href="#">Announcement SEL- 2017-10</a>	December 19, 2017
<a href="#">Announcement SEL-2013-03</a>	April 9, 2013

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## A2-5.1-02, Ownership and Retention of Loan Files and Records (12/19/2017)

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### Introduction

This topic contains information on individual mortgage loan files, including:

- [Ownership of the Loan File](#)
- [General Requirements for Records](#)
- [Record Retention Requirements](#)

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### Ownership of the Loan File

All records related to loans (including all data and materials representing, based on, or compiled from such records) sold to or serviced for Fannie Mae are Fannie Mae's property and any other owner of a participation interest in the loan regardless of their physical form or characteristics or whether they are developed or originated by the loan seller, servicer, or others.

Each of the loan originator, seller, servicer, and any service bureau or any other party providing services in connection with selling or servicing a Fannie Mae loan:

- has no right to possess these documents and records except under the conditions specified by Fannie Mae, and
- must hold these documents solely for the benefit of Fannie Mae.

The servicer must use the loan origination file to accumulate other pertinent servicing and liquidation information.

If the seller does not service the loan, it must transfer the loan file to the servicer. The servicer must document in the servicing loan file its compliance with all Fannie Mae policies and procedures, including timelines that are required by the *Servicing Guide*. The servicer and the responsible party must keep all of the individual loan records and all servicing records for the time it serviced the loan.



## General Requirements for Records

The seller/servicer must:

- maintain the accounting records relating to loans in accordance with sound and generally accepted accounting principles;
- ensure that the records meet Fannie Mae's requirements;
- ensure the accuracy, security, confidentiality, integrity, completeness and legibility of the individual loan file;
- protect against any anticipated threats or hazards to the security or integrity of files and records;
- protect against unauthorized access to or use of files and records and is responsible for requiring, by contract, that any subservicers or other third parties that access mortgage files and records also implement these measures;
- periodically review changes in technology to make sure that all records continue to be obtainable and readable in the future.

The following table describes Fannie Mae's general rights related to its audit of records.

GENERAL REQUIREMENTS FOR AUDITS OF RECORDS	
Topic	Description
Right to Audit	Fannie Mae may examine and audit, at any reasonable time, all loan records and other information that Fannie Mae considers necessary to ensure that the seller/servicer is complying with Fannie Mae requirements.



GENERAL REQUIREMENTS FOR AUDITS OF RECORDS	
Topic	Description
Delivery of Records	<ul style="list-style-type: none"><li>• When Fannie Mae sends a written request to a seller/servicer to examine mortgage records, the seller/servicer must deliver all records to Fannie Mae or to whomever Fannie Mae designates within the time frame specified by Fannie Mae.</li><li>• Fannie Mae will not execute any trust receipts for documents it requests and will not pay for their delivery. If the seller/servicer is retaining any of the records in a format other than paper, the seller/servicer must reproduce them at its own expense.</li><li>• If Fannie Mae has only a participation interest in a loan, Fannie Mae will provide proof of its ownership interest upon request.</li><li>• If the seller/servicer is unable to respond to Fannie Mae's request to produce records in a timely manner, the seller/servicer must provide a reasonable explanation for its failure to produce the records and, if appropriate, offer evidence that it has satisfied any requirement about which Fannie Mae is concerned.</li><li>• The seller/servicer is responsible for all Fannie Mae Losses incurred by Fannie Mae in enforcing its right of access to the records, unless it is determined that Fannie Mae had no legal right of access.</li></ul>
Audit Activities	<p>Fannie Mae's examination and audit of the seller/servicer's records may consist of</p> <ul style="list-style-type: none"><li>• monitoring all monthly accounting reports submitted to Fannie Mae;</li><li>• conducting periodic procedural reviews during visits to the seller/servicer's office or the document custodian's place of business;</li><li>• conducting in-depth audits of the seller/servicer's internal records and operating procedures; and</li><li>• performing spot-check reviews of loans in the seller/servicer's portfolio on a random sample basis.</li></ul>



## Record Retention Requirements

The following table describes the record retention requirements for certain types of records.

RECORD RETENTION REQUIREMENTS	
Type of Record	Requirements
Loan payment records	<p>The servicer must maintain permanent mortgage account records for each loan it services for Fannie Mae. The records must be identified by Fannie Mae's loan number (and any related participation certificate or MBS pool number) in addition to any other identification the servicer uses. The servicer may develop its own system for maintaining these records, as long as it can produce an account transcript within a reasonable time after it is requested.</p> <p>The servicer's accounting system must be able to produce detailed information for the following:</p> <ul style="list-style-type: none"><li>• all transactions that affect the loan balance,</li><li>• the financial status of the loan, and</li><li>• any overdrafts in the escrow account.</li></ul>
Accounting reports	<p>Unless instructed otherwise, the servicer may destroy any accounting reports 18 months after such reports are filed with Fannie Mae.</p>
<i>Annual Statement of Eligibility for Document Custodians (Form 2001)</i>	<p>A servicer that is also a Fannie Mae document custodian must maintain a copy of Form 2001 for seven years at all locations that are covered by the completed form and ensure that they are available for on-site reviews.</p>
Records related to HAMP	<p>The servicer must retain:</p> <ul style="list-style-type: none"><li>• all documents and information evidencing the complete evaluation of a borrower for HAMP for seven years after document collection or four years after loan liquidation, whichever is later; and</li><li>• all data, books, reports, documents, audit logs, and records, related to HAMP, and a copy of all computer systems and application software necessary to review and analyze any electronic records for at least four years, or for such longer period as may be required by applicable law.</li></ul>





RECORD RETENTION REQUIREMENTS	
Type of Record	Requirements
Records related to 2MP	<p>The servicer must retain:</p> <ul style="list-style-type: none"><li>• all documents and information evidencing compliance with our requirements when evaluating a borrower for 2MP, for seven years after document collection or for four years after loan liquidation, whichever is later;</li><li>• all documents and information related to the monthly payments during and after any trial period, as well as incentive payment calculation and such other required documents; and</li><li>• detailed records to document the reason(s) for any trial loan modification failure.</li></ul>
Records related to bankruptcy or foreclosure proceedings	<ul style="list-style-type: none"><li>• The servicer must retain all of the documents required to be included in the individual loan file and must ensure that they are readily accessible if needed in any bankruptcy or foreclosure proceeding, or for any other purpose in connection with the servicing of the loan.</li><li>• The servicer may hold copies if originals are not required, while originals have been sent for filing but have not yet been returned, or while the originals are otherwise temporarily out of the seller/servicer's possession.</li></ul>
Expense reimbursement claims	<p>The servicer must retain in the loan servicing file all supporting documentation for all requests for expense reimbursement.</p>
Liquidation records	<p>After a loan is liquidated, the servicer must keep the individual loan records for at least four years, unless the local jurisdiction requires longer retention or Fannie Mae specifies that the records must be retained for a longer period.</p>
Records related to repurchase or reimbursement	<p>If a loan or property is repurchased or a make whole payment remitted, the responsible party must keep the individual loan records for at least four years from loan liquidation unless applicable law requires longer retention or Fannie Mae specifies that the records must be retained for a longer period.</p>

Note: The time frame from loan liquidation is measured from the date of the loan payoff or the date that any applicable claim proceeds are received, whichever is later.



For eMortgages, the seller/servicer must follow the record retention requirements for the type of record described in the table immediately above, if applicable, and the requirements for storing mortgage loan files and records as described in [A2-5.1-03, Electronic Records, Signatures, and Transactions \(10/31/2017\)](#)

## Related Announcements

The table below provides references to the Announcements that have been issued that are related to this topic.

Announcement	Issue Date
<a href="#">Announcement SEL-2017-10</a>	December 19, 2017
<a href="#">Announcement SEL-2017-05</a>	May 30, 2017
<a href="#">Announcement SEL-2015-09</a>	August 25, 2015
<a href="#">Announcement SEL-2015-07</a>	June 30, 2015
<a href="#">Announcement SEL-2012-13</a>	November 13, 2012
<a href="#">Announcement SEL-2011-04</a>	May 24, 2011
<a href="#">Announcement SEL-2010-10</a>	August 12, 2010
<a href="#">Announcement 09-19</a>	June 8, 2009

## A2-5.1-03, Electronic Records, Signatures, and Transactions (10/31/2017)

### Introduction

This topic contains information on electronic records, including:

- [Electronic Records](#)
- [Electronic Signatures](#)
- [Electronic Notarizations](#)
- [Electronic Transactions with Fannie Mae](#)
- [Electronic Transactions with Third Parties](#)



Announcements	Issue Date
<a href="#">Announcement SVC-2017-07</a>	August 16, 2017
<a href="#">Announcement SVC-2016-04</a>	May 11, 2016

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## A1-1-03, Evaluating a Servicer's Performance (11/25/2015)

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### Introduction

This topic contains the following:

- [Performance Management Framework Overview](#)
- [Servicing Performance Categories](#)
- [Evaluating Performance](#)
- [Implementing Performance Improvement Plans](#)

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### Performance Management Framework Overview

In order to determine the servicer's compliance with its servicing duties under the Lender Contract, Fannie Mae measures the servicer's performance utilizing various performance metrics, which may include servicer reviews and the STAR™ Program for those servicers (also refers to a subservicer if there is a subservicing arrangement) which Fannie Mae has identified for inclusion in the Program.

Servicers selected to participate in the STAR Program will receive written notification from Fannie Mae prior to being added into the program.

The STAR Program is one of Fannie Mae's performance management frameworks designed to determine the servicer's overall performance based on operational assessments and scorecards. The STAR Reference Guide serves as implementation guidance for servicers. The STAR Reference Guide is located on Fannie Mae's website on the STAR Program page and is incorporated herein by reference. Fannie Mae may change the STAR Reference Guide from time to time.

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### Servicing Performance Categories

Operational assessments and servicer reviews measure the servicer's performance based on key criteria in certain servicer performance categories, which may include, but are not limited to the following:

- customer service;



- escrow administration;
- property, flood, and MI;
- collections;
- loss mitigation;
- investor relations/reporting;
- mortgage loan payment processing;
- bankruptcy, foreclosure, and REO management;
- data integrity;
- delinquency and annual financial and management reporting;
- document custody and record retention;
- remitting; and
- accounting and reporting.

Fannie Mae reserves the right, from time to time, to

- amend the performance criteria,
- modify how the results are determined, and
- revise the content of the performance metrics.

Fannie Mae may also communicate individual performance targets which may not be included in the STAR Program operational assessments and scorecards. Fannie Mae must regularly monitor each servicer's performance.

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## Evaluating Performance

Fannie Mae considers many factors when it evaluates whether the servicer's overall performance is acceptable, including, without limitation, the following:

- trends in performance,
- adequacy of staffing,
- compliance reviews and audits,
- STAR Program results,
- mortgage loan file reviews,
- timeliness of its payment obligations, and
- overall compliance with the requirements of the Lender Contract.

Unacceptable performance, including unacceptable STAR Program results, may result in a performance improvement plan. Fannie Mae reserves the right to terminate the servicer's Lender Contract in whole or in part, including its selling and/or servicing arrangement at any time with or without cause, in accordance with the Lender Contract.



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## Implementing Performance Improvement Plans

Fannie Mae expects all servicers to service all mortgage loans in full compliance with the Lender Contract. The servicer's performance may be measured by Fannie Mae through any number of servicing quality and compliance reviews, including the STAR Program, servicer reviews, as well as, timely payment of its obligations, compliance with the *Servicing Guide*, and other key performance metrics.

Servicers with unacceptable performance may be subject to a performance improvement plan issued by Fannie Mae.

Performance improvement plans may require the servicer to take actions and/or meet targets within defined time frames in order to remedy servicing deficiencies, which may include one or more of the following areas:

- customer service;
- escrow administration;
- property, flood, and MI;
- collections;
- loss mitigation;
- investor relations/reporting;
- mortgage payment processing, remitting, accounting and reporting;
- bankruptcy, foreclosure and REO management;
- data integrity;
- delinquency and annual financial and management reporting; and
- document custody and record retention.

The failure of the servicer to meet the terms of its performance improvement plan, including any timeline requirements for the performance improvement, constitutes a breach of the Lender Contract and may result in Fannie Mae terminating the servicer's selling and/or servicing approvals in whole or in part or taking other appropriate actions under its Lender Contract.

### Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#">Announcement SVC-2015-14</a>	November 25, 2015



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## A2-1-03, Execution of Legal Documents (11/12/2014)

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### Introduction

The servicer ordinarily appears in the land records as the mortgagee to facilitate performance of the servicer's contractual responsibilities, including, but not limited to, the receipt of legal notices that may impact Fannie Mae's lien, such as notices of foreclosure, tax, and other liens. However, Fannie Mae may take any and all action with respect to the mortgage loan it deems necessary to protect its or an MBS trust's ownership of the mortgage loan, including recording an assignment of mortgage, or its legal equivalent, from the servicer to Fannie Mae or its designee. In the event that Fannie Mae determines it necessary to record such an instrument, the servicer must assist Fannie Mae by

- preparing and recording any required documentation, such as assignments of mortgages, powers of attorney, or affidavits; and
- providing recordation information for the affected mortgage loans.

The servicer must follow the procedures in [F-1-10, Obtaining and Executing Legal Documents \(05/10/2017\)](#) when sending documents for Fannie Mae's execution.

The servicer is authorized to execute legal documents related to payoffs, foreclosures, releases of liability, releases of security, mortgage loan modifications, subordinations, assignments of mortgages, and conveyances (or reconveyances) for any mortgage loan for which it (or MERS®) is the owner of record. When an instrument of record requires the use of an address for Fannie Mae, including assignments of mortgages, foreclosure deeds, REO deeds, and lien releases, the servicer must follow the procedures in *Fannie Mae Contacts for Document Execution Requests* in [F-1-10, Obtaining and Executing Legal Documents \(05/10/2017\)](#) to locate the appropriate address.

This topic contains the following:

- [Fannie Mae's Limited Power of Attorney to Execute Documents](#)
- [Correcting Conveyances to Fannie Mae](#)

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### Fannie Mae's Limited Power of Attorney to Execute Documents

When Fannie Mae is the owner of record for a mortgage loan, it permits the servicer that has Fannie Mae's LPOA to execute certain types of legal documents on Fannie Mae's behalf. The servicer must have an LPOA in place to be authorized to execute the following legal documents on behalf of Fannie Mae:

- full satisfaction or release of a mortgage or the request to a trustee for a full reconveyance of a deed of trust;
- partial release or discharge of a mortgage or the request to a trustee for a partial reconveyance or discharge of a deed of trust;
- modification or extension of a mortgage or deed of trust;
- subordination of the lien of a mortgage or deed of trust;





- completion, termination, cancellation, or rescission of foreclosure relating to a mortgage or deed of trust, including, but not limited to, the following actions:
  - the appointment of a successor or substitute trustee under a deed of trust, in accordance with state law and the deed of trust;
  - the issuance or cancellation or rescission of notices of default;
  - the cancellation or rescission of notices of sale; and
  - the issuance of such other documents as may be necessary under the terms of the mortgage, deed of trust, or state law to expeditiously complete said transactions, including, but not limited to, assignments or endorsements of mortgages, deeds of trust, or promissory notes to convey title from Fannie Mae to the Attorney-in-Fact under this LPOA;
- conveyance of properties to FHA, HUD, the VA, RD, or a state or private mortgage insurer; and
- assignments or endorsements of mortgages, deeds of trust, or promissory notes to FHA, HUD, VA, RD, a state or private mortgage insurer, or MERS.

To request an LPOA, the servicer must follow the procedures in *Requesting a Limited Power of Attorney* in [F-1-10, Obtaining and Executing Legal Documents \(05/10/2017\)](#).

If the servicer does not have an LPOA to execute documents on Fannie Mae's behalf, or has a power of attorney that does not authorize it to execute documents for a specific type of transaction, the servicer must send the documents requiring execution in any instance in which Fannie Mae is the owner of record for the mortgage loan by email, when permitted. If, however, an original document must be executed by Fannie Mae, the servicer must send the document by regular or overnight mail. The servicer must follow the procedures in *Fannie Mae Contacts for Document Execution Requests* in [F-1-10, Obtaining and Executing Legal Documents \(05/10/2017\)](#) for instructions in sending documents to Fannie Mae.

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## Correcting Conveyances to Fannie Mae

The servicer must execute a quitclaim deed for properties that have been conveyed in error to Fannie Mae. The servicer must follow all procedures in [F-1-10, Obtaining and Executing Legal Documents \(05/10/2017\)](#) when preparing the reconveyance quitclaim deed. A quitclaim deed is an instrument of conveyance of real property that passes whatever title, claim, or interest that the grantor has in the property, but does not make any representations as to the validity of such title. A quitclaim deed is not a guarantee that the grantor has clear title to the property; rather it is a relinquishment of the grantor's rights, if any, in the property. The holder of a quitclaim deed receives only the interest owned by the person conveying the deed.

Fannie Mae will execute the quitclaim deed only if the servicer has prepared the document to quitclaim or assign back to the previous grantor or assignor. The servicer must send the request for quitclaim deed execution to Fannie Mae as described in *Submitting a Reconveyance Quitclaim Deed* in [F-1-10, Obtaining and Executing Legal Documents \(05/10/2017\)](#).

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## A2-1-04, Note Holder Status for Legal Proceedings Conducted in the Servicer's Name (06/21/2017)

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### Introduction



Fannie Mae is at all times the owner of the mortgage note, whether the mortgage loan is in Fannie Mae's portfolio or part of the MBS pool. In addition, Fannie Mae at all times has possession of and is the holder of the mortgage note, whether Fannie Mae has direct possession of the note or a custodian has custody of the note, except in the limited circumstances expressly described in this topic.

This topic contains the following:

- [Temporary Possession by the Servicer](#)
- [Physical Possession of the Note by the Servicer](#)
- [Reversion of Possession to Fannie Mae](#)

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## Temporary Possession by the Servicer

In order to ensure that a servicer is able to perform the services and duties incident to the servicing of the mortgage loan, Fannie Mae temporarily gives the servicer possession of the mortgage note whenever the servicer, acting in its own name, represents the interests of Fannie Mae in foreclosure actions, bankruptcy cases, probate proceedings, or other legal proceedings.

This temporary transfer of possession occurs automatically and immediately upon the commencement of the servicer's representation, in its name, of Fannie Mae's interests in the foreclosure, bankruptcy, probate, or other legal proceeding.

When Fannie Mae transfers possession, if the note is held by a document custodian on Fannie Mae's behalf, the custodian has possession of the note on behalf of the servicer so that the servicer has constructive possession of the note and the servicer shall be the holder of the note and is authorized and entitled to enforce the note in the name of the servicer for Fannie Mae's benefit.

If the servicer determines based on state law that it needs to be the holder of an eNote prior to representing the interests of Fannie Mae in a foreclosure, bankruptcy, or other legal proceeding, the servicer must follow the procedures in *Foreclosure, Bankruptcy and Other Legal Proceedings* in [F-1-33, Servicing eMortgages \(10/19/2016\)](#) to request a transfer in control and location from Fannie Mae.

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## Physical Possession of the Note by the Servicer

In most cases, the servicer will have a copy of the mortgage note. If the servicer determines that it needs physical possession of the original mortgage note to represent the interests of Fannie Mae in a foreclosure, bankruptcy, probate, or other legal proceeding, the servicer may obtain physical possession of the original mortgage note by submitting a request directly to the document custodian.

If Fannie Mae possesses the original note through a third-party document custodian that has custody of the note, the servicer must submit a *Request for Release/Return of Documents* ([Form 2009](#)) to Fannie Mae's custodian to obtain the note and any other custodial documents that are needed.

In either case, the servicer must specify whether the original note is required or whether the request is for a copy.

For eMortgages, if the eNote is not acceptable in its electronic form for a foreclosure, bankruptcy, or other legal proceeding, the servicer is authorized to use a printed Authoritative Copy of the eNote for the legal proceeding or action.



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## Reversion of Possession to Fannie Mae

At the conclusion of the servicer's representation of Fannie Mae's interests in the foreclosure, bankruptcy, probate, or other legal proceeding, or upon the servicer ceasing to service the loan for any reason, possession automatically reverts to Fannie Mae, and Fannie Mae resumes being the holder for itself, just as it was before the foreclosure, bankruptcy, probate, or other legal proceeding. If the servicer has obtained physical possession of the original note, it must be returned to Fannie Mae or the document custodian, as applicable.

### Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#">Announcement SVC-2017-05</a>	June 21, 2017
<a href="#">Announcement SVC-2016-09</a>	October 19, 2016

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## A2-1-05, Use of Fannie Mae Trademarks (08/16/2017)

### Introduction

For a list of trademarks currently used by Fannie Mae and requirements on how to refer to them, see Selling Guide A2-6-01, Fannie Mae and Trademarks and [Fannie Mae's website](#).

### Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcement	Date
<a href="#">Announcement SVC-2017-07</a>	August 16, 2017



# Chapter A2-4, Fannie Mae's Quality Control Review

## Fannie Mae's Quality Control Review

### Introduction

This chapter contains information on Fannie Mae's quality control review.

### In This Chapter

This chapter contains the following topic:

<a href="#">A2-4-01, Quality Control Reviews (08/17/2016)</a>	100
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## A2-4-01, Quality Control Reviews (08/17/2016)

### Introduction

Fannie Mae may review mortgage loans it has purchased or securitized (including those with early payment defaults, those that have been foreclosed, as well as any other mortgage loan) to ensure that its underwriting, eligibility, and servicing requirements have been met.

When Fannie Mae's quality assurance risk assessment identifies a mortgage loan as having a higher degree of risk, Fannie Mae may perform a post-foreclosure full file QC review to evaluate the seller/servicer's initial underwriting of the mortgage loan and, if applicable, the actions the seller/servicer took in servicing the mortgage loan. In such cases, Fannie Mae will notify the seller/servicer about the type of review Fannie Mae will perform and the scope of the review.

This topic contains the following:

- [Notification of a Quality Control Review](#)
- [Timely Delivery of Individual Mortgage Loan Files](#)
- [Document Submission Requirements](#)
- [Fannie Mae's Quality Control Review](#)
- [Requirements Specific for Servicing Quality Control Reviews](#)
- [Fannie Mae Quality Control Report](#)



- [Appeal of Fannie Mae QC Review Decisions](#)
- [Servicing Review File Requirements](#)
- [Underwriting or Servicing Reviews of Acquired Properties](#)

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## Notification of a Quality Control Review

The seller/servicer is notified which mortgage loans Fannie Mae has selected for review via written or electronic notification. Electronic notification will be delivered via QAS if the seller/servicer has signed up for it.

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## Timely Delivery of Individual Mortgage Loan Files

The seller/servicer must send the requested documentation for an underwriting or servicing review so that Fannie Mae receives the review file within 30 days after Fannie Mae notifies the seller/servicer that it has selected a mortgage loan for review. Fannie Mae, in its sole discretion, may request the documentation in a shorter or longer period of time based upon circumstances at the time.

Fannie Mae will make every effort to work with the seller/servicer when extenuating circumstances prevent it from delivering documentation in a timely manner. However, if a seller/servicer delays in providing the requested information, Fannie Mae, in its sole discretion, reserves the right to require indemnification, repurchase (depending on the circumstances of the individual case) of these mortgage loans, or other alternatives. When a seller/servicer has a pattern of extensive delays or unresponsiveness, Fannie Mae may consider this a breach of contract and consider other actions against the seller/servicer, up to and including termination.

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## Document Submission Requirements

The seller and servicer must maintain a complete individual mortgage loan file and be able to produce copies of the complete individual mortgage loan file upon Fannie Mae's request. The servicing review file must include supporting documents for all *requests for expense reimbursement* it has submitted or intends to submit to Fannie Mae (for example, vendor invoices and third-party invoices from the vendor rendering services), in addition to other servicing and liquidation information such as

- property inspection reports,
- copies of delinquency repayment plans,
- copies of disclosures of ARM loan interest rate and payment changes,
- documents related to insurance loss settlements, and
- foreclosure records, as stated in the *Servicing Guide*.

In all instances, the servicer must document its compliance with all Fannie Mae policies and procedures, including, but not limited to, timelines that are required by the *Servicing Guide*. The servicer must maintain in the individual mortgage loan file all documents and system records that preserve Fannie Mae's ownership interest in the individual mortgage loan.

The seller/servicer must package the requested documentation requested by Fannie Mae. When Fannie Mae requests both a mortgage loan origination and a mortgage loan servicing file, the seller/servicer may package the material as a single file



(with the origination and servicing documentation separated and clearly labeled within the file) or as two separate files that are packaged together (with one file identified as the "origination" file and the other identified as the "servicing" file).

The complete mortgage loan file must include clear copies of any required paper documents, not the originals. Paper documents must be sent in a manila folder, with the credit and property documents on the right side and the legal documents on the left side.

If the seller/servicer keeps its files electronically, Fannie Mae must be able to reproduce the documents required in a manner in terms of cost and time frames acceptable to Fannie Mae.

If the seller/servicer wishes to submit files in a form other than paper, it must contact the Fannie Mae's LQC File Receipt and Assignment team (see [F-4-03, List of Contacts \(11/08/2017\)](#)) to ensure that the requested form is compatible with the LQC's systems and processes. The requested files must be sent to Fannie Mae's LQC File Receipt and Assignment team (see [F-4-03, List of Contacts \(11/08/2017\)](#)).

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## Fannie Mae's Quality Control Review

Fannie Mae has QC policies and procedures in place for its review of performing and non-performing mortgage loans. Fannie Mae uses a statistically valid approach in selecting a random sample of new mortgage loan deliveries for review. The random sample is augmented with targeted, discretionary sampling, which aids in the measurement of the overall quality of mortgage loan deliveries. The QC process evaluates individual mortgage loan files on a comprehensive basis with the primary focus of confirming that mortgage loans meet Fannie Mae's underwriting and eligibility requirements. Fannie Mae will continue to review any servicing files requested with the primary focus of confirming that the mortgage loan has been serviced in accordance with the Lender Contract.

The QC process also provides the seller/servicer with data and feedback about the quality of its mortgage loan origination process. The goal is to engage the seller/servicer in frequent, meaningful exchanges of information about trends in the quality of delivered mortgage loans and to inform the seller/servicer about significant underwriting deficiencies identified through the QC review process. Together, Fannie Mae and its sellers/servicers should share a commitment to improving the quality of mortgage loan originations. Fannie Mae requires that the seller/servicer implement and enforce strong underwriting processes and, if necessary, will work with the seller/servicer to develop action plans to improve origination quality.

Fannie Mae's QC policies are administered by its LQC. The selection process may change at any time to address concerns.

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## Requirements Specific for Servicing Quality Control Reviews

Fannie Mae will utilize delinquent mortgage loan status code data and other information collected from the servicer during other interactions to identify delays in the default management process. Fannie Mae may elect to perform a servicing review to further evaluate the actions the servicer took in servicing those mortgage loans.

Fannie Mae will notify the servicer of the intention to perform a desk review or an on-site review. The servicer must submit the requested documentation or make it available for an on-site review in the time frame specified in the notification. If the servicer fails to do so, Fannie Mae may exercise available remedies, including compensatory fees, without first reviewing the individual mortgage loan file. The list of documents that must be included in any servicing review file Fannie Mae request are outlined in *Servicing Review File Requirements*.



Fannie Mae will communicate any performance deficiencies noted to the servicer. Unless Fannie Mae elects to immediately terminate the servicer's right to service the mortgage loans, the servicer will be given an opportunity to explain any mitigating circumstances or factors that justify the servicing actions it took or did not take within the time frame specified by Fannie Mae in its communication of the performance deficiencies.

Fannie Mae's evaluation of the actions the servicer took in servicing the mortgage loan will focus primarily on determining whether the servicer took all of the appropriate steps to cure the delinquency or avoid foreclosure (through Fannie Mae's various relief provisions or foreclosure prevention alternatives) and, if a foreclosure could not be avoided, on confirming that the servicer completed the legal actions within Fannie Mae's required time frames.

For the most part, Fannie Mae will rely on various reports that are produced by its automated delinquency and foreclosure prevention management systems to evaluate the servicer's performance. However, when Fannie Mae's analysis of these reports indicates that there is a possibility that the servicer's delinquency management performance is poor or if Fannie Mae believes certain servicing files should be reviewed for other reasons, Fannie Mae may require the servicer to submit a servicing review file for a mortgage loan to Fannie Mae's SF CPM division (see [F-4-03, List of Contacts \(11/08/2017\)](#)).

If Fannie Mae identifies deficiencies in its evaluation of the servicing review file, it will communicate them to the servicer. The servicer, in most instances, will be given an opportunity to explain any mitigating circumstances or factors that justify the servicing actions it took (or did not take).

When the servicer's review identifies significant deficiencies, it may offer to purchase the property from Fannie Mae when it submits the complete individual mortgage loan file (rather than waiting for the results of Fannie Mae's review). Fannie Mae will entertain such offers—as long as they will make Fannie Mae whole and are permitted by the Trust Agreement, if applicable—since Fannie Mae would no longer have to be concerned about the property disposition process.

When Fannie Mae has received the origination and/or servicing review file, it will begin the process of reviewing the file(s) to determine whether the mortgage loan met Fannie Mae's origination, eligibility and/or servicing standards. If Fannie Mae concludes that a repurchase demand should be issued on a mortgage loan pursuant to the origination defect remedies framework, Fannie Mae generally will issue a request for repurchase (calling for the servicer to take title to the property and pay Fannie Mae for its full investment in it). Fannie Mae may, on occasion, give the servicer the option of having Fannie Mae dispose of the property (and agreeing to indemnify Fannie Mae for any loss Fannie Mae incurs in connection with the sale), or require the lender to fully reimburse Fannie Mae for its loss through a demand for a make whole payment in the event that Fannie Mae sells the property or accepts a purchase offer prior to notifying the servicer that the mortgage loan did not meet Fannie Mae's eligibility or underwriting requirements.

In the event the servicing defect identified by Fannie Mae also turns out to be a breach of any provision of any MI policy issued with respect to a mortgage loan, the seller/servicer is not released from any breach of the Lender Contract that may result if the MI company insuring the loan rescinds, cancels, denies, or curtails the MI benefit due to the same or similar acts or omissions that make up the defect.

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## Fannie Mae Quality Control Report

Fannie Mae provides the seller/servicer with ongoing feedback about their overall QC performance. The feedback identifies defect types, reporting on frequent or common defects, and describes quality trend analyses and significant underwriting deficiencies identified through the QC review process. This information is provided through a variety of methods that range from regular electronic transmissions to more formal periodic discussions.





When Fannie Mae identifies a defective mortgage loan, it may in its sole discretion, impose a condition to retaining the mortgage loan, such as requiring the seller/servicer to agree to an alternative remedy to repurchase. In some cases, as permitted by the Lender Contract, Fannie Mae will issue a repurchase or make whole payment request to the seller/servicer.

The *Servicing Guide* contains timelines by which the seller/servicer must pay Fannie Mae the funds that are due in connection with a demand for a servicing remedy in [A1-3-02, Fannie Mae-Initiated Repurchases, Indemnifications, Make Whole Payment Requests and Deferred Payment Obligations \(08/17/2016\)](#). If the seller/servicer delays in this or has a pattern of unresponsiveness, Fannie Mae may consider this an independent breach of contract and consider other actions against the seller/servicer, up to and including termination.

Certain servicing repurchase alternatives may be available only to certain seller/servicers that are in good standing with Fannie Mae. See *Servicer Responses to a Demand* in [A1-3-02, Fannie Mae-Initiated Repurchases, Indemnifications, Make Whole Payment Requests and Deferred Payment Obligations \(08/17/2016\)](#) for more information.

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## Appeal of Fannie Mae QC Review Decisions

Fannie Mae maintains processes for the seller/servicer to appeal a demand for a servicing remedy, including an IDR process, in certain instances. See the *Selling Guide* for more information on the origination defect remedies framework appeals process and *Servicer Responses to a Demand* in [A1-3-02, Fannie Mae-Initiated Repurchases, Indemnifications, Make Whole Payment Requests and Deferred Payment Obligations \(08/17/2016\)](#) for more information on the servicing defect remedies framework appeal and escalation processes. A demand for a repurchase servicing remedy or reimbursement may be rescinded or withdrawn because the seller/servicer provides documentation within the time period specified by Fannie Mae (when Fannie Mae determines that a breach of the Lender Contract may be corrected).

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## Servicing Review File Requirements

The following table provides a list of the documentation that must be included in the servicing review file.

✓	The servicer must include in the servicing review file...
	The collection history for the default that led to the foreclosure or mortgage release (including the reason for the default, delinquency notices sent, and copies of borrower's previous payment histories).
	A summary of all attempts to develop a workout plan or arrange a workout option, including evidence of any communication with Fannie Mae.
	A bankruptcy tracking log, or a separate report indicating the dates of any bankruptcy filings and the dates that any lifting of a bankruptcy stay was attempted and attained.
	The foreclosure tracking log, or a separate report indicating the date that the case was referred to the foreclosure attorney and the date of the foreclosure sale, as well as summarizing any communications with Fannie Mae about delays in the foreclosure process (including delays resulting from the presence of hazardous waste, natural disasters, massive layoffs, etc.) or departures from standard foreclosure procedures (such as using judicial foreclosure in a power of sale state).
	Any other type of information that is requested, given the type of review.



The outside of the servicing review file must clearly identify the case, as follows:

- servicing file for acquired property;
- mortgage remittance type (A/A, S/A, or S/S);
- servicing option (special or shared risk);
- Fannie Mae mortgage loan number;
- servicer mortgage loan number;
- borrower's name; and
- property address.

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## Underwriting or Servicing Reviews of Acquired Properties

When Fannie Mae receives an offer to purchase an acquired property that is also subject to an underwriting or servicing review, Fannie Mae may accept the purchase offer without first notifying the servicer, whether or not a final decision has been reached with respect to the review. If, after completion of the review, Fannie Mae determines that the mortgage loan did not meet its eligibility or underwriting requirements and Fannie Mae has incurred a loss by selling the property, the seller/servicer will be required to fully reimburse Fannie Mae for its loss.

### Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#">Announcement SVC-2016-07</a>	August 17, 2016
<a href="#">Announcement SVC-2015-15</a>	December 16, 2015



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# Chapter A2-5, Individual Mortgage Loan Files and Records

## Individual Mortgage Loan Files and Records

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### Introduction

This chapter contains information on resources for mortgage loan files and records, including electronic transactions.

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### In This Chapter

This chapter contains the following topics:

A2-5-01, Ownership and Retention of Individual Mortgage Loan Files and Records (12/13/2017) . . . . .	106
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## A2-5-01, Ownership and Retention of Individual Mortgage Loan Files and Records (12/13/2017)

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See the *Selling Guide* Chapter A2-5: Individual Mortgage Loan Files and Records for the following requirements:

- *Selling Guide* A2-5.1-01, Establishing Loan Files for information on documentation requirements and managing the individual loan file.
- *Selling Guide* A2-5.1-02, Ownership and Retention of Loan Files and Records for information on records retention.
- *Selling Guide* A2-5.1-03, Electronic Records, Signatures, and Transactions for information related to maintaining electronic records and data integrity.



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### Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#"><u>Announcement SVC-2017-11</u></a>	December 13, 2017

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# Chapter A2-8, Mortgage Electronic Registration System

## Mortgage Electronic Registration System

### Introduction

This chapter contains information on the Mortgage Electronic Registration System.

### In This Chapter

This chapter contains the following topic:

<a href="#">A2-8-01, Mortgage Electronic Registration System (11/12/2014)</a>	132
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## A2-8-01, Mortgage Electronic Registration System (11/12/2014)

### Introduction

MERS is an electronic system that assists in the tracking of mortgage loans, servicing rights, and security interests. To initiate the electronic tracking, the seller/servicer assigns a special MERS MIN to the mortgage loan, registers the mortgage loan in MERS and the either

- originates the mortgage loan with MERS appearing in the security instrument as nominee for the beneficiary and its successors and assigns, or
- records an assignment of the mortgage loan to MERS (thus making MERS the mortgagee of record).

This topic contains the following:

- [Registration of a Mortgage Loan to MERS](#)
- [Naming MERS as the Nominee for the Beneficiary in the Security Instrument](#)
- [Termination of the Use of MERS](#)



## Registration of a Mortgage Loan to MERS

When a MERS-registered mortgage loan is delivered to Fannie Mae, the seller/servicer reports the MIN on the Loan Schedule (FRM/GEM Loan Schedule ([Form 1068](#)) or ARM/GPARM Loan Schedule ([Form 1069](#)) or on the *Schedule of Mortgages* ([Form 2005](#)))

The following table outlines the steps that must be taken when a mortgage loan is registered with MERS.

If the mortgage loan is...	Then...
registered with MERS before Fannie Mae purchases it	Fannie Mae will notify MERS to ensure that its records are updated to reflect Fannie Mae's ownership interest in the mortgage loan.
not registered with MERS until after Fannie Mae purchases it	the seller/servicer must report Fannie Mae's ownership when it registers the mortgage loan.

If the seller/servicer encounters a situation where Fannie Mae is the owner of record for a mortgage loan because the original assignment of the mortgage loan to Fannie Mae was recorded in the public records, the seller/servicer must correct the error before it completes the MERS registration by

- preparing an assignment of the mortgage loan from Fannie Mae to MERS,
- sending the assignment to Fannie Mae for execution, and
- recording the assignment in the public records.

## Naming MERS as the Nominee for the Beneficiary in the Security Instrument

MERS will have no beneficial interest in the mortgage loan, even if it is named as the nominee for the beneficiary in the security instrument. In addition, the failure of MERS to perform any obligation with respect to a MERS-registered mortgage loan does not relieve the seller/servicer from its responsibility for performing any obligation required by the terms of its Lender Contract.

The following table describes the requirements of the seller/servicer.

✓	The seller/servicer must...
	Accurately and timely prepare and record security instruments, assignments, lien releases, and other documents relating to MERS-registered mortgage loans.
	Take all reasonable steps to ensure that the information on MERS is updated and accurate at all times.
	Be solely responsible for any failure to comply with the provisions of the MERS Member Agreement, Rules, and Procedures and for any liability that it or Fannie Mae incurs as a result of the registration of mortgage loans with MERS or any specific MERS transaction.



Registration of Fannie Mae mortgage loans in MERS (as either assignee or the nominee of the original mortgagee) does not change the seller/servicer's responsibility for complying with all applicable provisions of

- the MSSC;
- Fannie Mae's Guides, as they may be amended from time to time;
- the seller/servicer's Master Agreement;
- any negotiated contract that it has with Fannie Mae, unless Fannie Mae specifies otherwise; or
- any other agreements that are part of the Lender Contract.

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## Termination of the Use of MERS

If the seller/servicer decides to discontinue the use of MERS, the seller/servicer must request from MERS that the mortgage loan be "deactivated" in MERS. MERS will notify Fannie Mae about the deactivation of any mortgage loan in which it has an interest.

If the seller/servicer's membership in MERS is terminated, the seller/servicer must promptly notify Fannie Mae.

For each MERS-registered mortgage loan that it is servicing for Fannie Mae, the seller/servicer must perform the functions outlined in the following table.

✓	The seller/servicer must...
	Prepare an assignment of the mortgage loan from MERS to itself.
	Have the assignment executed.
	Record the executed assignment in the public land records.
	Prepare in (recordable form) an unrecorded assignment of the mortgage loan from itself to Fannie Mae.
	Submit the original of that assignment to Fannie Mae's DDC or the applicable document custodian.





## Section E-1.3, Handling Non-Routine Litigation

### E-1.3-01, General Servicer Responsibilities for Non-Routine Matters (11/12/2014)

“Non-routine” litigation generally consists of an action that, regardless of whether Fannie Mae is a party to the proceeding

- seeks monetary damages against Fannie Mae, its officers, directors, or employees;
- challenges the validity, priority, or enforceability of a Fannie Mae mortgage loan or seeks to impair Fannie Mae's interest in an acquired property and the handling of which is not otherwise addressed in the *Servicing Guide*; or
- presents an issue that may pose a significant legal or reputational risk to Fannie Mae.

The following table describes the servicer's responsibilities related to non-routine litigation.

✓	The servicer must...
	Appropriately handle legal matters affecting Fannie Mae mortgage loans.
	<p>Notify Fannie Mae's Legal department of any non-routine litigation by submitting a <i>Non-Routine Litigation Form</i> (<a href="#">Form 20</a>).</p> <p><b>Note:</b> Fannie Mae reserves the right to direct and control all litigation involving a Fannie Mae mortgage loan, and the servicer and any law firm handling the litigation must cooperate fully with Fannie Mae in the prosecution, defense, or handling of the matter.</p>
	<p>Obtain Fannie Mae's prior written approval before either</p> <ul style="list-style-type: none"> <li>• removing a case to federal court based on Fannie Mae's Charter, or</li> <li>• appealing or otherwise challenging judgment in any foreclosure or bankruptcy proceeding.</li> </ul> <p><b>Note:</b> The servicer must also notify Fannie Mae's Legal department by submitting <a href="#">Form 20</a> if a borrower files an appeal or seeks other post-judgment relief in a foreclosure or bankruptcy proceeding.</p>
	Periodically update Fannie Mae on the progress of non-routine litigation as necessary and appropriate.



✓	The servicer must...
	<p>Provide Fannie Mae with sufficient opportunity in advance of any deadline or due date to review and comment upon proposed substantive pleadings, including:</p> <ul style="list-style-type: none"> <li>• motions,</li> <li>• responses,</li> <li>• replies, and</li> <li>• briefs.</li> </ul>
	<p>Notify retained counsel of its proposal to offer any mortgage loan modification and provide counsel with sufficient opportunity in advance of the solicitation to review and provide comments in connection with any solicitation materials. See also <i>Determining Eligibility for a Fannie Mae Flex Modification</i> in <a href="#">D2-3.2-12, Fannie Mae Flex Modification (09/13/2017)</a>, and <i>Determining Eligibility for a Fannie Mae Cap and Extend Modification for Disaster Relief</i> in <a href="#">D2-3.2-10, Fannie Mae Cap and Extend Modification for Disaster Relief (10/19/2016)</a>, for eligibility requirements.</p>

Not all contested matters constitute non-routine litigation. The following represent examples that are considered routine litigation and need not be reported to Fannie Mae:

- a contested foreclosure action in which the borrower alleges a case-specific procedural or technical defect in the foreclosure, or
- a contested foreclosure action in which the borrower alleges a case specific payment application claim.

In contrast, a contested foreclosure or bankruptcy action in which a borrower challenges the servicer's ability to conduct a foreclosure or seek relief from stay based on a legal argument that, if upheld, could have broader application to other Fannie Mae mortgage loans is non-routine litigation because of the potential for negative legal precedent to extend beyond the immediate case.

In order to assist the servicer in identifying non-routine litigation, the following table lists the categories of non-routine litigation and provides examples of matters that must be reported to Fannie Mae as non-routine litigation. Given the evolving nature of default-related litigation, it is not possible to provide an exhaustive list.

Non-Routine Category	Examples
Actions that seek monetary relief against Fannie Mae.	Any claim (including counterclaims, cross-claims, or third-party claims in foreclosure or bankruptcy actions) for damages against Fannie Mae or its officers, directors, or employees.



Non-Routine Category	Examples
Actions that challenge the validity, priority, or enforceability of a Fannie Mae mortgage loan or seek to impair Fannie Mae's interest in an acquired property.	<p>An action seeking to demolish a property as a result of a code violation;</p> <p>An action seeking to avoid a lien based on a failure to comply with a law or regulation;</p> <p>An attempt by another lienholder to assert priority over Fannie Mae's lien or extinguish Fannie Mae's interests;</p> <p>A quiet title action seeking to declare Fannie Mae's lien void; or</p> <p>An attempt by a borrower to effect a cramdown of a mortgage loan in bankruptcy as to which Fannie Mae has not delegated authority to the servicer or law firm to address.</p>



Non-Routine Category	Examples
Actions that present an issue that may pose significant legal or reputational risk to Fannie Mae.	<p>Any issue involving Fannie Mae's conservatorship, its conservator FHFA, Fannie Mae's status as a federal instrumentality, or an interpretation of Fannie Mae's Charter;</p> <p>Any contention that Fannie Mae is a federal agency or otherwise part of the United States Government;</p> <p>Any "due process" or other constitutional challenge;</p> <p>Any challenge to the methods by which Fannie Mae does business;</p> <p>Any putative class action involving a Fannie Mae mortgage loan;</p> <p>A challenge to the standing of the servicer to conduct foreclosures or bankruptcies that, if successful, could create negative legal precedent with an impact beyond the immediate case;</p> <p>A challenge to the methods by which MERS does business or to its ability to act as nominee under a mortgage;</p> <p>Any "show cause orders" or motions for sanctions relating to a Fannie Mae mortgage loan, whether against Fannie Mae, the servicer, a law firm, or a vendor of the servicer or law firm;</p> <p>Any foreclosure on Native American tribal lands;</p> <p>Any environmental litigation relating to a Fannie Mae loan;</p> <p>A need to foreclose judicially in a state where non-judicial foreclosures predominate;</p> <p>Any claim invoking a Fannie Mae HAMP as a basis to challenge a foreclosure;</p> <p>Any cross-border insolvency proceeding under Chapter 15 of the Bankruptcy Code;</p> <p>Any claim of predatory lending or discrimination in loan origination or servicing; or</p> <p>Any claim implicating the interpretation of the terms of the Fannie Mae/Freddie Mac Uniform Mortgage Instruments.</p>



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## E-1.3-02, Reporting Non-Routine Litigation to Fannie Mae (11/12/2014)

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Non-routine litigation must be reported to Fannie Mae within two business days of the servicer receiving notice of the litigation, except with respect to the following three categories of loan-level challenges:

- a challenge to the standing of the servicer to conduct foreclosures or bankruptcies that, if successful, could create negative legal precedent with an impact beyond the immediate case;
- a challenge to the methods by which MERS does business or its ability to act as nominee under a mortgage; or
- any claim invoking HAMP as a basis to challenge a foreclosure.

With respect to these three categories of loan-level challenges, it is not necessary for the servicer to notify Fannie Mae until

- the borrower seeks summary judgment on such a challenge,
  - briefing is required in response to such a challenge, or
  - the issue is expected to be raised at a scheduled trial.
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## E-1.3-03, Reporting “Legal Filings” to MERS (11/12/2014)

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Rule 14 of the MERS System Rules of Membership imposes notification requirements concerning “Legal Filings” that raise certain MERS-related challenges. The servicer is responsible for ensuring any notification required under MERS Rule 14 is provided to MERSCORP Holdings, Inc., and also immediately to Fannie Mae’s Single Family Legal department (see [F-4-03, List of Contacts \(11/08/2017\)](#)).

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## **Section E-3.1, Foreclosure Proceedings in General**

### **E-3.1-01, General Servicing Requirements Related to Foreclosure Proceedings (11/12/2014)**

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This chapter provides Fannie Mae's requirements and policies for conducting foreclosure proceedings for Fannie Mae mortgage loans.

Fannie Mae sets out those instances when its requirements vary for any particular

- lien type,
- amortization method,
- remittance type,
- servicing option,
- mortgage loan type, or
- ownership interest.

Absent any restrictive language, the same policy or requirement applies for all mortgage loans Fannie Mae has purchased or securitized as standard transactions.

Occasionally, Fannie Mae may address the need for a special servicing option MBS mortgage loan to be handled in a different manner than other mortgage loans serviced for Fannie Mae. Under no circumstances should the servicer of a regular servicing option MBS mortgage loan interpret the content of this chapter as relieving it of its responsibilities and obligations for conducting the foreclosure proceedings and disposing of the acquired property, including the absorption of all costs and any related losses.

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### **E-3.1-02, Performing Due Diligence Prior to Considering Foreclosure (11/12/2014)**

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The servicer of a portfolio mortgage loan, a participation pool mortgage loan that Fannie Mae holds in its portfolio, or of a special servicing option MBS loan, must protect Fannie Mae's investment by making every reasonable effort to cure the delinquency through Fannie Mae's various workout options before referring a mortgage loan for foreclosure proceedings. The servicer must complete the actions shown in the following table prior to referring a mortgage loan to foreclosure.

✓	The servicer must...
	Inspect the property and analyze the individual circumstances of the delinquency.
	Diligently investigate mortgage loans originated as investment properties and attempt to determine whether or not the borrower is collecting rental income from the property.  If the servicer suspects that the property or any unit(s) of the property is tenant occupied, it must take appropriate action to ascertain the actual occupancy status of the property. This includes completing detailed property inspections and conducting skip tracing.

Note: If the servicer learns of a change in mortgage loan status after referring the mortgage loan to foreclosure, the servicer must promptly notify the law firm of the change. Status changes include:

- occupancy status,
- rental income and amounts,
- tenant information, and
- lease information.

## Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#">Announcements SVC-2017-08</a>	September 13, 2017

## E-3.1-03, Fannie Mae Address for Instruments of Record (11/12/2014)

When an instrument of record relating to a single-family property requires the use of an address for Fannie Mae, including assignments of mortgages, foreclosure deeds, REO deeds, and lien releases, see [F-4-03, List of Contacts \(11/08/2017\)](#) for the proper address.





## **E-3.1-04, Addressing a Bankruptcy Filed During Active Foreclosure (11/12/2014)**

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The servicer must contact the law firm within one business day after it learns of a bankruptcy filing in connection with a mortgage loan that has already been referred to a law firm for foreclosure. See *Required Referral Timelines for Mortgage Loans Previously Referred for Foreclosure* in [E-1.2-01, Timing of the Bankruptcy Referral \(11/12/2014\)](#) for additional requirements.

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## E-3.2-09, Conducting Foreclosure Proceedings (11/12/2014)

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### Introduction

This topic contains the following:

- [Conducting Foreclosure Proceedings When Fannie Mae Is the Mortgagee of Record](#)
  - [Conducting Foreclosure Proceedings When the Servicer Is the Mortgagee of Record](#)
  - [Conducting Foreclosure Proceedings When MERS Is the Mortgagee of Record](#)
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### Conducting Foreclosure Proceedings When Fannie Mae Is the Mortgagee of Record

The servicer must conduct the foreclosure in Fannie Mae's name when Fannie Mae is the mortgagee of record for all mortgage loans except for regular servicing option MBS mortgage loans that are secured by properties located in Utah or Mississippi. For these mortgage loans, the servicer must request that Fannie Mae reassign the mortgage loan to it so the foreclosure can be completed in the servicer's name.

The servicer must execute any required substitutions of trustees when Fannie Mae has granted the servicer its LPOA to do so on Fannie Mae's behalf. However, if state law or customary practice prohibits an attorney-in-fact from executing substitutions of trustees, the servicer must submit the substitution of trustee documents to Fannie Mae for execution before the foreclosure proceedings begin.

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### Conducting Foreclosure Proceedings When the Servicer Is the Mortgagee of Record

When the servicer is the mortgagee of record for a mortgage loan, the jurisdiction in which the security property is located will affect how the foreclosure proceedings are conducted or initiated.

In most states, the law firm must initiate the proceedings in the servicer's name when the servicer is the mortgagee of record or in the participating lender's name when the servicer is not the mortgagee of record for a participation pool mortgage loan. The law firm must subsequently have title vested in Fannie Mae's name in a manner that will not result in the imposition of a transfer tax.

The servicer and the law firm must determine the most appropriate method to use in each jurisdiction.

In any state or jurisdiction in which the foreclosure proceedings must be conducted in Fannie Mae's name to prevent the imposition of a transfer tax (such as Rhode Island; New Hampshire; Maine; or Orleans Parish, Louisiana), an assignment of the mortgage or deed of trust to Fannie Mae must be prepared and recorded in a timely manner to avoid any delays in the initiation of the foreclosure proceedings. If the 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 Fannie Mae's Legal department (see [F-4-03, List of Contacts \(11/08/2017\)](#)) for permission to do so.

When Fannie Mae's DDC or third-party document custodian has custody of an original unrecorded assignment of the mortgage to Fannie Mae, the servicer may either



- request return of that document so it can be recorded, or
- prepare a new assignment if doing so will expedite the process.

Once the assignment to Fannie Mae has been recorded, the foreclosure proceedings must be conducted in Fannie Mae's name.

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### **Conducting Foreclosure Proceedings When MERS Is the Mortgagee of Record**

The servicer must not name MERS as a plaintiff or foreclosing party in any foreclosure action on a Fannie Mae mortgage loan. When MERS is the mortgagee of record, the servicer must prepare an assignment from MERS to the servicer and bring the foreclosure in its own name unless Fannie Mae specifically allows the foreclosure to be brought in the name of Fannie Mae. In that event, the assignment must be from MERS to Fannie Mae, in care of the servicer at the servicer's address for receipt of notices. The assignment must be prepared and provided to the law firm in the referral package.

Fannie Mae will not reimburse the servicer for any expense incurred in preparing or recording an assignment of the mortgage loan from MERS to the servicer or to Fannie Mae. If the borrower reinstates the mortgage loan prior to completion of the foreclosure proceedings, re-assigning and re-registering the mortgage loan with MERS will be at the discretion and expense of the servicer.

The servicer must consult with the law firm to determine if any other legal requirements apply when conducting foreclosures of mortgage loans in which MERS is the prior mortgagee of record. See *Additional Required Foreclosure Referral Documents* in [E-1.1-02, Required Referral Documents \(11/12/2014\)](#) for additional information regarding MERS and proper assignments.

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### **E-3.2-10, Paying Certain Expenses During the Foreclosure Process (11/12/2014)**

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The servicer must use any funds remaining in the borrower's escrow deposit account to pay T&I premiums that come due during the foreclosure process. The servicer also may use escrow funds to pay costs for the protection of the security and related foreclosure costs as long as state or local laws, government regulations, or the requirements of the mortgage insurer or guarantor do not preclude the use of escrow funds for these purposes. If the escrow balance is not sufficient to cover these expenses, the servicer must advance its own funds. See also *Advancing Funds to Cover Expenses* in [B-1-01, Administering an Escrow Account and Paying Expenses \(10/11/2017\)](#) for additional information.

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### **E-3.2-11, Collecting Under an Assignment of Rents (08/12/2015)**

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The servicer must determine whether it is appropriate to pursue collections under the assignment of rents provision, taking into consideration mortgage insurer or guarantor requirements.

If the servicer pursues collections under an assignment of rents provision, it must ensure

- local law allows the mortgagee to collect rents under these circumstances, and
- this action will not create any new rights for the occupant that might impair Fannie Mae's ability to foreclose the mortgage loan at a later date.

Rental income that is collected on a delinquent mortgage loan must be applied in accordance with the terms of the note and security instrument.

The following table provides the servicer with instructions when the mortgage loan is in foreclosure and the servicer is already collecting rental income.

✓	The servicer must...
	Hold any rental income it receives as unapplied funds until the mortgage loan is liquidated.
	Keep a record of rental income collections and disbursements so that they can be considered when the final claim under the MI or guaranty is filed.
	Remit Fannie Mae's share of the rental income to Fannie Mae or deduct it from the amount due to reimburse the servicer for any advances it made.

#### Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#">Announcement SVC-2015-11</a>	August 12, 2015

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## E-3.2-12, Performing Property Preservation During Foreclosure Proceedings (07/12/2017)

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When a mortgage loan is delinquent including throughout the foreclosure process, the servicer must perform all property maintenance functions as necessary to ensure that the condition and appearance of the property are satisfactorily maintained.

The servicer must manage and protect the property until it is conveyed to the insurer or guarantor, or until Fannie Mae assigns that responsibility elsewhere, including when

- a borrower selects an immediate move Mortgage Release and the REOgram is submitted to Fannie Mae, or
- a borrower selects the three-month transition or twelve-month lease.

The servicer must take whatever action is necessary to protect the value of the property in accordance with the [Property Preservation Matrix and Reference Guide](#). This includes making sure that no apparent violations of applicable law are occurring on the property (such as violations of laws relating to illegal narcotics and similar substances) and that the property is protected against vandals and the elements.

The servicer must refer to the [Property Preservation Matrix and Reference Guide](#) for all maintenance work when a mortgage loan is delinquent and the property is vacant or abandoned. When the cost to complete property preservation work will exceed the Fannie Mae allowable, the servicer must submit the request via HomeTracker. The servicer must follow the procedures in *Requesting Fannie Mae Approval for Property Preservation and Maintenance* in [F-1-08, Managing Foreclosure Proceedings \(07/12/2017\)](#), for detailed instructions for submitting a request when it does not have access to HomeTracker.

#### Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#">Announcement SVC-2017-06</a>	July 12, 2017

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## E-3.2-13, Addressing Title Defects Generally (12/16/2015)

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With respect to each first lien mortgage loan sold to Fannie Mae, the following warranties are made to Fannie Mae:

- the mortgage is a valid and subsisting lien on the property;
- the property is free and clear of all encumbrances and liens having priority over it except for liens for real estate taxes, and liens for special assessments, that are not yet due and payable; and



Document Ownership	Document Execution Submission Without LPOA or Servicer Unable to Execute	For Inquiries OR If Required Delivery Method is Email	Delivery Address when an Original is Required to be Mailed
SF CPM Division	<ul style="list-style-type: none"> <li>Quitclaim deeds for properties conveyed in error</li> <li>Release of liability</li> <li>Assignments of mortgage</li> <li>Substitution of trustees</li> <li>Conveyance or reconveyances of acquired properties</li> <li>Mortgage Loan Modifications</li> <li>All other documents</li> </ul>	<a href="mailto:CPM_Servicing_Documents@fanniemae.com">CPM_Servicing_Documents@fanniemae.com</a>	Fannie Mae Attn: SF CPM, Documents P.O. Box 650043, Dallas, TX 75265 or P.O. Box 809007 Dallas, TX 75265
SF CPM, Loss Mitigation Division	Partial Release of Security	<a href="mailto:partial_releases@fanniemae.com">partial_releases@fanniemae.com</a>	Fannie Mae SF CPM, Loss Mitigation Department 14221 Dallas Parkway Suite 1000 Dallas, TX 75254

## Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#">Announcement SVC-2017-04</a>	May 10, 2017

## F-1-11, Post-Delivery Servicing Transfers (05/10/2017)

### Introduction

This Servicing Guide Procedure includes the following:

- [Requesting Fannie Mae Approval](#)
- [Special Notifications to the Transferee Servicer](#)



- [Notifying Third Parties](#)
- [Transfer of Individual Mortgage Loan Files and Portfolio Information](#)
- [Submission of Final Accounting Reports/Remittances](#)
- [Preparing Mortgage Loan Assignments](#)
- [Transfer of Custodial Documents](#)

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## Requesting Fannie Mae Approval

### Transfer of Mortgage Loans

As required in *Requesting Fannie Mae Approval* in [A2-7-03, Post-Delivery Servicing Transfers \(05/10/2017\)](#), the servicer must submit the appropriate information to request Fannie Mae's approval of the transfer of servicing, including servicing transfers involving a subservicer.

When requesting approval to transfer servicing, the transferor or transferee servicer or subservicer must submit a fully completed *Request for Approval of Servicing or Subservicing Transfer* ([Form 629](#)) in an electronic format to the Servicing Transfers group at [servicing\\_transfers@fanniemae.com](mailto:servicing_transfers@fanniemae.com). The submission is required at least 60 days before the earlier of proposed sale or transfer date for servicing transfers, and at least 30 days before the earlier of proposed sale or transfer date for subservicing transfers.

The servicer must include the transfer and sale dates on [Form 629](#). The transfer date refers to the date on which the physical transfer of the servicing (or subservicing) responsibilities from the transferor servicer (or subservicer, as the case may be) to the transferee servicer (or subservicer) occurs. It may not necessarily be the same date as the sale date identified in a servicing transfer agreement. The sale date is the date on which the ownership of the servicing rights and the legal liability for the servicing of the Fannie Mae mortgage loans transfer from one servicer to another.

**Note:** While Fannie Mae requires the transferring parties to identify the sale date associated with a servicing transfer, Fannie Mae's approval will only be issued as to the transfer date.

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## Special Notifications to the Transferee Servicer

As required in *Obligations of the Transferor and Transferee Servicers* and *Special Notifications to the Transferee Servicer* in [A2-7-03, Post-Delivery Servicing Transfers \(05/10/2017\)](#), the transferor servicer must provide special notification to the transferee servicer when a transfer of servicing includes the following:

- a mortgage loan modified under HAMP and/or 2MP,
- an eMortgage, or
- a mortgage loan subject to resale restrictions regardless of whether the restrictions survive foreclosure or acceptance of a Mortgage Release (deed-in-lieu of foreclosure).

The following table describes additional information that the transferor servicer must provide for a transfer of servicing that involves eMortgages.





✓	<b>The transferor servicer must provide to the transferee servicer...</b>
	A copy of all eNotes included in the transfer via MERS eDelivery or some other mutually agreed-upon means.
	All associated borrower attribution evidence and audit trail information detailing the eClosing event.

#### **When a Servicing Transfer Includes a Mortgage Loan Modified Under HAMP, 2MP, or an eMortgage**

For a mortgage loan modified under HAMP/2MP or an eMortgage, the transferor servicer must take the actions described in the following table.

✓	<b>The transferor servicer must...</b>
	Advise the transferee servicer that a mortgage loan modified under HAMP/2MP or an eMortgage is part of the portfolio being transferred.
	Confirm that the transferee servicer <ul style="list-style-type: none"><li>• is aware of the special requirements for these mortgage loans, and</li><li>• agrees to assume the additional responsibilities associated with servicing these mortgage loans.</li></ul>

#### **When a Servicing Transfer Includes a Mortgage Loan Subject to Resale Restrictions**

For a mortgage loan subject to resale restrictions, the transferor servicer must take the actions described in the following table.

✓	<b>The transferor servicer must...</b>
	Identify each mortgage loan subject to resale restrictions on <a href="#">Form 629</a> .
	Confirm that the transferee servicer is aware of its duties and obligations related to the servicing of a mortgage loan subject to resale restrictions.

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### **Notifying Third Parties**

As described in *Notifying Third Parties* in [A2-7-03, Post-Delivery Servicing Transfers \(05/10/2017\)](#), the transferor and transferee servicers must take certain actions to ensure that all servicing functions that involve third parties will continue uninterrupted (or discontinued, if appropriate) after the transfer of servicing.

The following table describes the actions the transferor or transferee servicer must take to ensure that all servicing functions that involve third parties will continue uninterrupted (or discontinued, if appropriate) after the transfer of servicing.



✓	<b>The transferor or transferee servicer must...</b>
	<p>Fulfill all requirements of each MI policy that insures any conventional mortgage loans included in the transfer—including, but not limited to, the requirements for providing timely notification or requesting prior approval—to ensure the continuation of the MI coverage.</p> <p>If the current mortgage insurer will not provide continuing coverage following the servicing transfer, the transferee servicer must find another mortgage insurer to provide MI coverage that is equivalent to the previous coverage—at no increased cost to the borrower or Fannie Mae—and obtain that mortgage insurer's written commitment to provide the required coverage.</p>
	Fulfill all requirements of FHA, VA, RD, or HUD—including, but not limited to, providing timely notification or requesting prior approval—to ensure the continuation of the MI or mortgage loan guaranty, if applicable.
	Notify the hazard, flood, earthquake, other property insurance carriers, as applicable, to request a policy endorsement to substitute the transferee servicer's name in the mortgagee clause and to change the premium billing address to that of the transferee servicer (unless the borrower pays the premium directly).
	Notify any tax or flood service provider and any optional insurance provider (or other products that are providing coverage) that the transferor servicer used for any of the mortgage loans that are being transferred to indicate whether the transferee servicer will continue using its services.
	<p>Send appropriate notices of the transfer of servicing (providing the transferee servicer's name and address) to taxing authorities, holders of leaseholds, HOAs, and other lien holders.</p> <p><b>Note:</b> Any public utilities that levy mandatory assessments for which funds are being escrowed also must be notified.</p>
	Notify any law firm involved in the management of foreclosure or other legal action in connection with the mortgage loans or acquired properties.
	Notify the current document custodian of the pending transfer of servicing and make arrangements for the prompt and safe transfer of the custodial documents to the document custodian designated by the transferee servicer, in accordance with requirements in the <i>Servicing Guide</i> .

## Transfer of Individual Mortgage Loan Files and Portfolio Information

As described in *Transfer of Individual Mortgage Loan Files and Portfolio Information* in [A2-7-03, Post-Delivery Servicing Transfers \(05/10/2017\)](#), the transferor servicer must deliver specific information to the transferee servicer.

The following table describes the information that must be delivered to the transferee servicer.



✓	<b>The transferor servicer must deliver to the transferee servicer...</b>
	Documentation evidencing each mortgage insurer's approval of the servicing transfer or its commitment to insure the transferred mortgage loans, or a copy of the mortgage insurer's master policy evidencing that it is permissible to transfer servicing of insured mortgage loans without the mortgage insurer's prior approval.
	A list of any conventional mortgage loans that have borrower-paid or lender-purchased MI (identifying the applicable premium rates and the due date of the next premium payment) and an explanation of the premium payment obligations and claim payment procedures that apply to them.
	A list of any eMortgages that are part of the portfolio being transferred.
	Copies of any tax or flood service contracts that will remain in effect, or notification that the contracts will be transferred to the transferee servicer by a tape process.
	A list of tax bills, assessments, property insurance premiums, MIPs, etc. that are due to be paid by the servicer, but that are still unpaid as of the transfer date.
	A list of the expiration dates and premium payment frequencies for property insurance, and MI policies, as applicable, related to each mortgage loan being transferred, whether or not premiums for these policies are escrowed.
	A list of mortgage loans that have optional insurance and other insurance products that will remain in effect.
	A list of mortgage loans that are subject to automatic drafting of the monthly payments.
	A list of ARM loans, showing the plan identification and parameters, the index used, the next interest rate change date, the next payment change date, the dates on which any fixed rate conversion option may be exercised, and the current status of any changes in process.
	Transaction and payment histories for the life of the mortgage loans.
	<p>Trial balances, as of the close of business on the day immediately preceding the transfer date, showing</p> <ul style="list-style-type: none"> <li>the remittance type for each mortgage loan (actual/actual, scheduled/actual, or scheduled/scheduled);</li> <li>the remittance cycle for each MBS mortgage loan (standard, RPM, or MBS Express);</li> <li>Fannie Mae's applicable ownership interest if it holds only a participation percentage in the mortgage loan;</li> <li>the applicable pool number for MBS mortgage loans;</li> <li>delinquencies, foreclosure, bankruptcies, and acquired properties;</li> <li>transfers of ownership, payoffs, and other exception transactions that are in process, including mortgage loan modification-related transactions;</li> <li>escrow balances, escrow advances, curtailments, unapplied funds, and loss drafts; and</li> <li>buydown account balances for mortgage loans subject to temporary interest rate buydown plans.</li> </ul>
	A copy of the custodial bank reconciliation for each custodial bank account maintained as of the cutoff date (if the transferor servicer is unable to complete this reconciliation by the transfer date, it should complete the reconciliation as promptly as possible and send it to the transferee servicer within five business days after the transfer date).



✓	<b>The transferor servicer must deliver to the transferee servicer...</b>
	Copies of all investor accounting reports that were filed with Fannie Mae for the three months that immediately precede the cutoff date.
	A reconciliation of any outstanding shortage/surplus balance, if applicable, related to the mortgage loans being transferred as of the last reporting period of Fannie Mae's investor reporting system.
	Definitions of codes used in ledger records, trial balances, or any other documents that are being forwarded to the transferee servicer.
	Escrow analyses.
	All information relating to delinquency management and default prevention.
	Copies of all documents including items held by a document custodian, and all other documents pertinent to servicing the mortgage loans including mortgage loan modification agreements.
	All customer correspondence and responses, including borrower complaints and escalated cases.
	The title policies or alternative title products.
	A list of each mortgage loan that is in the process of foreclosure or for which the borrower has filed bankruptcy, including the Fannie Mae loan number and the name and address of the law firm handling the foreclosure or bankruptcy.
	Information and records for any mortgage loans that are in foreclosure, bankruptcy, or a workout status and for any properties that Fannie Mae acquired by foreclosure or acceptance of a Mortgage Release [(deed-in-lieu of foreclosure) (if Fannie Mae has not sold them by the transfer date)].  <b>Note:</b> If the original mortgage loan custodial documents are not part of the individual mortgage loan file that is being transferred, the transferor servicer must provide a list showing the name of the party that is in possession of the original mortgage loan note.
	All pertinent information related to the status of any mortgage loan for which a workout option is being pursued.
	A list of any acquired properties for which it is performing administrative functions, such as paying taxes or performing property maintenance if the responsibilities for these functions will be transferred to the transferee servicer. The list must identify each property by the Fannie Mae loan number and include a history of the transferor servicer's actions from the date the property was acquired (including information about expenditures, receipts, and management and marketing activities) and provide the appropriate documentation.
	Information on any mortgage loan or acquired property being transferred that is the subject of litigation at the time of the transfer, including all records pertaining to such litigation (including court filings, disclosure requests and responses, and preliminary rulings).

### Transfer of P&I and T&I Funds

As required in [A4-1-02, Establishing Custodial Bank Accounts \(04/12/2017\)](#), the servicer is responsible for the safekeeping of custodial funds at all times. The transferor servicer must forward to the transferee servicer all P&I and T&I custodial account balances including, but not limited to, the following:

- unremitted P&I collections;
- escrow funds;



- unapplied funds;
- loss drafts;
- accruals on deposit—for example, for the payment of future renewal premiums for lender-purchased MI; and
- buydown funds.

If the transferor servicer has advanced delinquent interest or scheduled P&I to Fannie Mae, the transferee servicer must reimburse the transferor servicer once it receives a final accounting of all monies from the transferor servicer.

All new amounts owed must be paid to the appropriate party promptly, as agreed by the parties.

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## Submission of Final Accounting Reports/Remittances

As described in *Submission of Final Accounting Reports/Remittances* in [A2-7-03, Post-Delivery Servicing Transfers \(05/10/2017\)](#), the transferor servicer must submit the monthly LAR for the month that includes the transfer date.

In the month of the transfer date, the transferor servicer will be contractually responsible for

- reporting the monthly LAR for all mortgage loan activity processed on the mortgage loans, and
- ensuring that sufficient funds to satisfy that month's remittance obligation are available for drafting on the scheduled remittance date. However, the transferor and transferee servicers may agree that the transferee servicer will make the actual remittance to Fannie Mae.

In the month following the transfer date, the transferee servicer will be responsible for reporting the monthly LAR applicable to the transferred mortgage loans.

The transferor servicer must provide the transferee servicer with copies of its Fannie Mae investor reporting system shortage/surplus reconciliations for the final monthly accounting period for all mortgage loans included in the servicing transfer. The two servicers should agree on how to resolve any differences and reconcile items or funds that are owed Fannie Mae and security holders. (Any questions regarding these issues must be directed to the transferor servicer's Fannie Mae Investor Reporting Representative.)

If, after reconciling the final shortage/surplus balance, the transferor servicer determines that Fannie Mae needs to process a shortage/surplus adjustment, the transferor servicer must send to its Fannie Mae Investor Reporting Representative (see [F-4-03, List of Contacts \(11/08/2017\)](#)) a copy of the final shortage/surplus reconciliation along with adequate documentation to support the requested adjustment. The adjustment must be requested within 30 days after the transfer date. The transferee servicer will be responsible for any Fannie Mae investor reporting system shortages related to mortgage loans included in the transfer that are not promptly resolved by the transferor servicer.

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## Preparing Mortgage Loan Assignments

As described in *Preparing Mortgage Assignments* in [A2-7-03, Post-Delivery Servicing Transfers \(05/10/2017\)](#), the transferee servicer must prepare and deliver a recorded mortgage assignment to the applicable document custodian for all mortgage loans subject to a transfer of servicing within six months of the transfer date.

Any required assignment that is submitted to the document custodian(s) must be identified by the applicable Fannie Mae loan number and submitted under cover of a transmittal letter that includes the following information:



- the name of the transferor servicer;
- the name of the transferee servicer;
- the number of mortgage loans included in the transfer, as well as the number of mortgage loans for which recordable (but unrecorded) assignments to Fannie Mae have been executed;
- the transfer date; and
- a trial balance of the transferred mortgage loans, which identifies the mortgage loans for which assignments to Fannie Mae are being provided (or, if only a few mortgage loans are being transferred, a list of the transferred mortgage loans for which assignments are being provided).

### **Fannie Mae is the Owner of Record**

A new mortgage loan assignment does not need to be prepared if the assignment to Fannie Mae has been recorded. A mortgage loan for which Fannie Mae is the owner of record would be one of the following:

- a mortgage loan that was delivered to Fannie Mae before it converted to the Fannie Mae investor reporting system in 1984 (regardless of the location of the security property);
- a mortgage loan that is secured by a property located in Mississippi or Utah, if the mortgage loan was delivered to Fannie Mae during the period that Fannie Mae required recorded assignments for a Mississippi mortgage loan (after September 1, 1988, until June 7, 1989) or for a Utah mortgage loan (after September 1, 1988, until October 31, 1991); or
- a mortgage loan for which Fannie Mae requested recordation of the assignment (for any reason) after it purchased or securitized the mortgage loan.

### **Fannie Mae is Not the Owner of Record and the Mortgage Loan is Not Registered with MERS**

An assignment from the transferor servicer to the transferee servicer must be prepared and recorded if an assignment to Fannie Mae has not been recorded for a mortgage loan that is not registered with the MERS. The transferor servicer has full responsibility for recording an assignment from the transferor servicer to the transferee servicer. (Blanket assignments may be used for the assignment, as long as the coverage for each blanket assignment is restricted to a single recording jurisdiction.) Fannie Mae will hold both the transferor servicer and the transferee servicer accountable for ensuring all assignments are prepared and recorded appropriately. An assignment from the transferee servicer to Fannie Mae must be prepared (in recordable form, but not recorded) to replace the one Fannie Mae had originally received from the transferor servicer. This unrecorded assignment from the transferee servicer to Fannie Mae must be an individual assignment. The unrecorded assignment to Fannie Mae must be delivered to the applicable document custodian within six months of the transfer date.

**Note:** Generally, when a transferred mortgage loan is secured by a property located in Puerto Rico, neither an assignment of the mortgage loan from the transferor servicer to the transferee servicer nor an unrecorded assignment from the transferee servicer to Fannie Mae will need to be prepared and recorded.

### **Fannie Mae is Not the Owner of Record and the Mortgage Loan is Registered with MERS**

Generally, when the servicing of a MERS-registered mortgage loan is transferred to a servicer that is not a MERS member (or to a servicer that elects not to continue the MERS registration for the mortgage loan), Fannie Mae requires

- the transferor servicer to prepare an assignment of the mortgage loan from MERS to the transferee servicer and have it executed and recorded,
- the transferor servicer to “deactivate” the Mortgage Identification Number (MIN) in the MERS system for reason: “Transfer to Non-MERS Status,” and



- the transferee servicer to prepare a recordable (but unrecorded) assignment of the mortgage loan from itself to Fannie Mae and to deliver it to the applicable document custodian.

## Transfer of Custodial Documents

If the transferee servicer continues to store the custodial documents with the existing document custodian, it must execute the *Master Custodial Agreement* ([Form 2003](#)), in accordance with *Fannie Mae's Requirements for Document Custodians*. If the transferee servicer already has a master custodial agreement on file with that document custodian, the transferee servicer must obtain an *MBS Custodian Recertification* ([Form 2002](#)) in connection with the servicing transfer within six months of the transfer date.

If Fannie Mae's DDC is already holding the custodial documents for the mortgage loans that are being transferred, Fannie Mae will update its records to reflect the new servicer and accept any new unrecorded assignment of the mortgage loan to Fannie Mae from the transferee servicer, if applicable, without charging any additional fees.

The transferee servicer and the transferor servicer must work out appropriate arrangements for paying the costs of transferring the documents and obtaining the required pool recertification in an expeditious manner. MBS pool documents that will be held by a new document custodian or by the transferee servicer must be recertified, and [Form 2002](#) must be completed and submitted to the transferee servicer's Fannie Mae office within six months of the transfer date.

## Custodial Documents for Participation Pool Mortgage Loans

For participation pool mortgage loans that Fannie Mae holds in its portfolio, any original mortgage notes that the transferor servicer has in its possession must be transferred to Fannie Mae's DDC for permanent retention no later than 30 days after the transfer date. To ensure that the transferred documents are appropriately identified, a label showing the Fannie Mae loan number must be affixed to the notes. The documents that are being turned over to Fannie Mae for custody also must be annotated on the trial balance that is submitted to Fannie Mae in connection with the servicing transfer.

## Related Announcements

The following table provides references to Announcements that are related to this topic.

Announcements	Issue Date
<a href="#">Announcement SVC-2017-05</a>	June 21, 2017
<a href="#">Announcement SVC-2017-04</a>	May 10, 2017
<a href="#">Announcement SVC-2017-01</a>	January 18, 2017
<a href="#">Announcement SVC-2016-09</a>	October 19, 2016



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MORTGAGE-BACKED SECURITIES SYSTEM

PROCESSED SCHEDULE OF MORTGAGES

SELLER 12781-000-1  
LIBOR INDEX

ASSET ACQUISITIONS & CUSTODY

PRODUCT

COUNTRYWIDE HOME LOANS, INC.

DESCRIPTION

POOL NUMBER LB-804602 SUFFIX CUSIP NUMBER 31406A3K6 AMORTIZATION TYPE ARM  
MIN ACCRUAL RATE 0.0000  
PASS-THRU RATE 4.6000 PLAN NUMBER 2737 ISSUE DATE 12/01/04 MAX ACCRUAL RATE  
9.6000  
REMITTANCE DAY 18 MBS MARGIN 1.6000 SETTLEMENT DATE 12/06/04 WGT AVG ACR RATE  
3.0010

LOAN NUMBER PROPERTY ADDRESS OC NO PJ ORG LTV MI NOTE DATE OF ORIGINAL  
CONSTANT ISSUE DATE STATUS

SPECIAL FEATURES CD UN TY TRM RATIO CD RATE 1ST PYMT LOAN AMT P & I  
PRINCIPAL BAL CALL DATE

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PAY CHG RATE CHG MARGIN ORIG NR MIN NR MAX NR











































































































































































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1697320833 175 187 361 373 LPI 12/01/04 CURRENT UPB 220,000.00 STATED TERM =  
360 0  
01/01/10 12/01/09 2.2500 5.0000 N/A 10.0000  
GUAR FEE PER CNTRCT 17.50 GUAR FEE AFT BU/BD 17.50 GUAR FEE AFT/APM 17.50  
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