

Loan Workout Hierarchy For Fannie Mae Conventional Loans

The following table identifies the Fannie Mae loss mitigation options that are available to assist borrowers experiencing financial hardship. The new loan workout hierarchy announced in Guide Announcement 09-05R requires that you first evaluate a borrower to determine if the Home Affordable Modification Program is appropriate, and if not, you should then determine whether the borrower is eligible for an alternative loss mitigation option based on whether the borrower is experiencing a temporary or long-term financial hardship. Each option should be considered in the order in which they appear.

Home Affordable Modification Program (HAMP)

The Home Affordable Modification Program (HAMP) is designed to help at risk homeowners – both those who are in default and those who are at imminent risk of default – by providing the borrower with affordable and sustainable monthly payments. The loan is modified only after the borrower successfully completes a trial payment period. [Learn More.](#)

If ineligible for the HAMP, is the borrower experiencing a temporary or long-term hardship?

Temporary Hardship

Forbearance

Forbearance is a temporary reduction or suspension of payments which must be immediately followed by an arrangement – either a repayment plan or HomeSaver Advance – to cure the delinquency. [Learn More.](#)

Repayment Plan

A repayment plan is an arrangement in which a borrower agrees to repay past due amounts while still making regularly scheduled payments. [Learn More.](#)

HomeSaver Advance™ (HSA)

A HomeSaver Advance is a monetary advance to cure a delinquent loan resulting in a separate unsecured loan for the arrearage amount. [Learn More.](#)

Long-term Hardship

If a permanent loss mitigation option cannot be immediately identified, a borrower should be considered for one of the following forbearance options:

Payment Reduction Plan™

The Payment Reduction Plan (PRP) is a temporary reduction of a borrower's monthly principal and interest (P&I) payment. The payment can be reduced by up to 30% for a maximum of six months. During this time, a long term resolution of the delinquency must be identified and implemented. [Learn More.](#)

Other Forbearance

Other forbearance is a temporary reduction or suspension of payments (subject to the limits of the governing MBS trust document under which the mortgage loan was pooled, if applicable) which must culminate in a long term resolution of the delinquency. [Learn More.](#)

The following permanent loss mitigation options should be considered in the order they are listed below:

Modification: Any permanent modification to the terms of a mortgage loan that make it more affordable, including changes to the interest rate, loan balance or loan term. [Learn More.](#)

Pre-foreclosure Sale: Occurs when a property is listed for sale and proceeds of the sale are accepted in exchange for a release of the lien, even if those proceeds are less than the amount owed. [Learn More.](#)

Deed-in-lieu: Occurs when a borrower voluntarily transfers title to and possession of the property to Fannie Mae to satisfy the mortgage loan debt and avoid foreclosure. [Learn More.](#)

The Home Affordable Modification Program

<p>Description</p>	<p>The Home Affordable Modification Program, or HAMP, is a uniform loan modification process intended to provide eligible borrowers – both those who are in default and those who are at imminent risk of default – with affordable and sustainable monthly payments.</p> <p>An affordable payment is achieved by taking specified sequential steps, as necessary, to capitalize arrearages; reduce interest rates, extend the payment time frame and defer the payment of principal in order to bring the monthly payments down to 31% of the borrower's gross monthly income. Before the loan is modified, the borrower must successfully complete a trial payment period.</p> <p>HAMP replaces Fannie Mae's Streamlined Modification Program introduced in Announcement 08-33 and Fannie Mae's Early Workout Program™ introduced in Announcement 08-31.</p>
<p>Eligibility</p>	<p>Available to a borrower who meets the following criteria:</p> <ul style="list-style-type: none"> • The borrower's monthly mortgage payment ratio is currently greater than 31% • The borrower must be able to— <ul style="list-style-type: none"> ○ Document a hardship by completing a Home Affordable Modification Program Hardship Affidavit (Form 1021) ○ Provide required income documentation (must be < 90 days old) ○ Provide documentation of occupancy status (tax returns, credit report AND one other form of documentation such as a utility bill) ○ Agree to an escrow account for taxes and insurance (unless prohibited by applicable law) <p>Any first lien loan originated before January 1, 2009 and secured by a borrower's principal residence is eligible -- even a loan currently in foreclosure or (at the servicer's discretion) involved in bankruptcy proceedings, EXCEPT:</p> <ul style="list-style-type: none"> • Loans previously modified under the Home Affordable Modification Program • Loans secured by condemned properties • Loans subject to full lender recourse <p>HAMP went into effect on March 4, 2009 and will close to new borrowers on December 31, 2012.</p>
<p>Terms and conditions</p>	<p>All Fannie Mae servicers must submit a HAMP Registration form, available from the Treasury's administrative Web site for servicers at www.HMPadmin.com. This form is a one-time submission and asks for information such as contact information and banking instructions for deposits of incentive compensation payments.</p> <p>A modification does require an MBS loan to be removed from its pool before the effective date of the loan modification or it will result in a trust violation.</p> <p>For all mortgage loans that are modified pursuant to HAMP, you must ensure that the modified loan retains its first lien position and is fully enforceable.</p> <p style="text-align: right;">Continued on next page...</p>

The Home Affordable Modification Program (continued)

Reporting requirements	<p>To Fannie Mae:</p> <ul style="list-style-type: none"> • Use Home Saver Solutions® Network (HSSN) (part of Fannie Mae’s Asset Management Network) to provide loan-level data once you have received a successfully executed Trial Period Plan, record receipt of the trial period payments due under the plan and request reclassification of MBS mortgage loans when appropriate • You must report delinquency status code 09 for each of the months of the trial period and delinquency status code 28 once the modification has taken effect. • Existing monthly Loan Activity Record (LAR) requirements will not change and additional special reporting requirements apply as per the Servicing Guide, Part VII, Section 502.03. <p>To Treasury:</p> <ul style="list-style-type: none"> • Report periodic HAMP loan activity via www.HMPAdmin.com. <p>To Mortgage Insurers:</p> <ul style="list-style-type: none"> • Report successful HAMP modifications and the terms of those modifications to appropriate mortgage insurers, within 30 days following the end of the trial period and in accordance with procedures that currently exist or may be agreed to between you and the mortgage insurers. Keep paying the mortgage insurance premium! <p>To Credit Bureaus:</p> <ul style="list-style-type: none"> • You must submit a “full-file” credit report to each major credit repository on a monthly basis.
Incentive fees	<p>For the servicer:</p> <ul style="list-style-type: none"> • You will receive a \$1,000 incentive fee once a borrower has successfully completed the trial period under HAMP. An additional \$500 will be given if the borrower was current at the time the Trial Period began. These incentives will be paid automatically by Fannie Mae as long as you complete the required delinquency reporting. • You will also receive an annual “pay for success” fee for up to three years after a modification is implemented as long as the borrower’s monthly mortgage payment (PITIA, excluding MI premiums) was reduced through the modification by 6% or more AND the loan is a performing loan modification. <p>For the borrower:</p> <ul style="list-style-type: none"> • Borrowers will earn a principal balance reduction incentive of up to \$1,000 per year for up to five years after a modification is implemented as long as the borrower’s monthly mortgage payment (PITIA, excluding mortgage insurance) was reduced through the modification by 6% or more AND the loan remains a performing loan modification. • This annual payment will be paid to the servicer and must apply it first toward reducing the interest bearing UPB and then towards any principal forbearance amount (if applicable) on the loan.
Costs	<p>There is no cost to the borrower for HAMP.</p> <p>You must waive all late charges, penalties, stop payment fees or similar fees upon successful completion of the trial period.</p> <p>You must advance any actual out-of-pocket expenses such as notary fees, recordation fees, or other allowable and documented expenses. Fannie Mae will reimburse you for allowable out-of-pocket expenses (excluding the cost of credit report(s)) upon completion of a Cash Disbursement Request, Form 571.</p>

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TEMPORARY HARDSHIP Forbearance

Description	Forbearance provides a temporary reduction or suspension of payments on a borrower's mortgage loan, followed by an arrangement to cure the delinquency.									
Eligibility	<p>The borrower is experiencing temporary financial hardship.</p> <p>This loss mitigation option must not be confused with the new HomeSaver Forbearance that is an option that can be offered if the borrower is facing a long-term or permanent hardship.</p>									
Terms and conditions	<p>Forbearance can be implemented for borrowers who are facing imminent default and/or who have missed one or more payments on their mortgage loan.</p> <p>The maximum length of time forbearance can be offered depends on the trust agreement under which a loan was pooled, if applicable, and whether the borrower's mortgage loan faces imminent default or is currently in default.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 50%; text-align: center;">2009 MBS Trust Agreement, 1980s Indentures and Portfolio Loans</th> <th style="width: 30%; text-align: center;">2007 Amended Trust Agreement</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Facing imminent default</td> <td>Initially, 6 months; may be extended to a total of 12 months. Prior written approval from Fannie Mae is required for a period longer than 12 months.</td> <td style="text-align: center;">6 months</td> </tr> <tr> <td style="text-align: center;">Default has occurred</td> <td>12 Months, unless Fannie Mae gives prior written approval for a longer period</td> <td style="text-align: center;">6 months</td> </tr> </tbody> </table> <p>A written agreement with the borrower is required if the forbearance period is greater than 6 months.</p> <p>Fannie Mae approval is not required except as noted above.</p>		2009 MBS Trust Agreement, 1980s Indentures and Portfolio Loans	2007 Amended Trust Agreement	Facing imminent default	Initially, 6 months; may be extended to a total of 12 months. Prior written approval from Fannie Mae is required for a period longer than 12 months.	6 months	Default has occurred	12 Months, unless Fannie Mae gives prior written approval for a longer period	6 months
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Reporting requirements	<p>You must report delinquency status code 09 in HSSN for each month the forbearance is in effect.</p> <p>You must submit a "full-file" credit report to each major credit repository on a monthly basis.</p>									
Incentive fees	There are no servicing incentive fees.									
Other costs	There is no cost to the borrower for forbearance.									

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TEMPORARY HARDSHIP Repayment Plan

Description	A repayment plan is an arrangement in which a borrower agrees to repay past due amounts while still making regularly scheduled payments.
Eligibility	You must be sure that the borrower is expected to overcome the temporary financial hardship AND be able to make future scheduled mortgage loan payments in addition to an amount necessary to cure any outstanding arrearage.
Terms and conditions	<p>A repayment plan can be implemented once a borrower has missed one or more payments on the mortgage loan.</p> <p>Repayment terms may include:</p> <ul style="list-style-type: none"> • Monthly payments that are multiples of regular installments • Regular payment one month and multiple payments the next • More frequent payments • Any other variation in timing or amount that will cure delinquency in the shortest time possible <p>If the term of the repayment plan is greater than six months, you must have a written repayment agreement with the borrower which includes the amount due, payment dates and the date the delinquency will be cured.</p> <p>If the borrower cannot cure the arrearage through a repayment plan of nine months or less you should consider a HomeSaver Advance™ described next.</p>
Reporting requirements	<p>You must report delinquency status code 12 in HSSN for each month the repayment plan is in effect.</p> <p>You must submit a “full-file” credit report to each major credit repository on a monthly basis.</p>
Incentive fees	<p>There is a \$400 servicing incentive fee given that the following criteria are met:</p> <ul style="list-style-type: none"> • The mortgage loan must be 60 or more days delinquent when first reported with the delinquency status code 12 • The mortgage must be brought current upon the successful completion of the repayment plan <p>The incentive fee is paid automatically by Fannie Mae to the servicer as long as you do the required delinquency reporting.</p>
Costs	There is no cost to the borrower for a repayment plan.

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TEMPORARY HARDSHIP HomeSaver Advance

Description	<p>A HomeSaver Advance is a separate 15-year unsecured note in the amount of the arrears (including delinquent interest, escrow advances, past-due homeowner association fees and any applicable foreclosure costs) that is used to bring a delinquent mortgage current.</p> <p>With HomeSaver Advance—</p> <ul style="list-style-type: none"> • Maximum amount of note is the lesser of \$15,000 or 15% of original UPB • Note carries 0% interest rate and requires no payment for the first 6 months; remaining term carries a 5% interest rate • Becomes fully due and payable if the property is sold but not upon refinancing
Eligibility	<p>Requirements for HomeSaver Advance are as follows:</p> <ul style="list-style-type: none"> • The borrower's financial difficulties are resolved and the borrower is able to resume making regularly scheduled monthly payments; BUT • The borrower is unable to repay all past-due amounts using a standard repayment plan within a nine-month period
Terms and conditions	<p>HomeSaver Advance can be implemented once the loan is behind two full payments (32 days). Once the borrower has returned the signed HSA loan documents, you must enter a "closed HSA case" into HSSN. Once this has occurred, Fannie Mae advances sufficient funds to reinstate the delinquent mortgage loan.</p> <p>To request an exception to eligibility criteria, enter the case into HSSN for Fannie Mae consideration.</p> <p>Fannie Mae approval is not required.</p> <p>MI approval is not required.</p> <p>HomeSaver Advance™ does not require an MBS loan to be removed from its pool.</p>
Reporting requirements	<p>You must report delinquency status code 19 in HSSN for each month the HomeSaver Advance is in effect.</p> <p>You must submit a "full-file" credit report to each major credit repository on a monthly basis.</p>
Incentive fees	<p>There is a \$700 servicing incentive fee that is paid in two installments if the HomeSaver Advance successfully brings the mortgage loan current:</p> <ul style="list-style-type: none"> • The first installment of \$200 is paid if the HomeSaver Advance meets all the eligibility criteria and Fannie Mae has determined compliance • The second installment of \$500 is paid once the borrower has made the first three full monthly payments that are due on the first lien mortgage loan following closing of the HomeSaver Advance <p>The incentive fee is paid automatically by Fannie Mae to you as long as you do the required delinquency reporting.</p>
Costs	<p>There is no cost to the borrower for a HomeSaver Advance.</p>

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LONG-TERM OR PERMANENT HARDSHIP Payment Reduction Plan™

<p>Description</p>	<p>The Payment Reduction Plan (PRP) is a temporary reduction of a borrower’s monthly principal and interest (P&I) payment. The payment can be reduced by up to 30% for a maximum of six months. During this time, a permanent resolution of the delinquency must be identified and implemented. The borrower must continue to make taxes, insurance, and other escrow payments during the PRP forbearance period.</p> <p>The PRP replaces the HomeSaver Forbearance™ (HSF) program. As of October 31, 2009, you can no longer offer a HSF to borrowers. All HSF agreements offered on or before October 31, 2009 will be honored for a period of not more than 30 days.</p>
<p>Eligibility</p>	<p>Available to a borrower who does not qualify or meet the eligibility requirements for HAMP <u>and</u> is either in default or are at risk of imminent default. The borrower must be willing and able to make reduced monthly payments of <u>at least</u> 70 percent of their contractual monthly P&I payment based on an amount the borrower can afford. The PRP should be used if a permanent loss mitigation option cannot be immediately identified.</p> <p>The mortgage loan must be:</p> <ul style="list-style-type: none"> • A first lien Fannie Mae portfolio or MBS pool mortgage loan that originated no less than six months prior to the PRP effective date, as reported by the servicer upon receipt of the first payment • Secured by a one- to four-unit property (including investment properties and second homes) <p>The mortgage loan must not be:</p> <ul style="list-style-type: none"> • Securing a property that is condemned • Covered by recourse and/or indemnification agreements <p>Mortgage loans in active foreclosure are eligible so long as the date of any scheduled foreclosure sale is more than 45 days after the PRP effective date. Mortgage loans with borrowers actively involved in bankruptcy proceedings are eligible at the servicer’s discretion.</p>
<p>Terms and conditions</p>	<p>Fannie Mae approval is not required.</p> <p>MI approval must be obtained on a case-by-case basis until such time that Fannie Mae has obtained blanket delegations of authority from each mortgage insurer. A list of the mortgage insurers from which Fannie Mae receives a delegated authority agreement for the PRP will be posted on www.eFannieMae.com.</p> <p>PRP does not require an MBS loan to be removed from its pool.</p> <p>To execute the modification:</p> <ul style="list-style-type: none"> • Evaluate the borrower’s financial circumstances to determine an affordable monthly payment amount. Provided the borrower’s contribution is <u>at least</u> 70% or more of their contractual P&I payment, then the borrower is eligible • When a borrower has been approved for a PRP, the servicer will communicate the terms and conditions of the PRP to the borrower and, when feasible, offer the borrower the opportunity to make payments via Automated Clearing House (ACH); provided that the borrower is not charged a fee for such ACH transactions <p>Immediately resume or commence foreclosure proceedings if a borrower fails to make any payment more than 15 days after it is due during the forbearance period or as soon as it is determined that a permanent loss mitigation option is not feasible.</p> <p style="text-align: right;">Continued on next page...</p>

LONG-TERM OR PERMANENT HARDSHIP Payment Reduction Plan™ (continued)

Reporting requirements	<p>You must report delinquency status code 09 in HSSN – Delinquency Reporting for each month the PRP is in effect.</p> <p><i>Continue to submit PRPs as HomeSaver Forbearances through HSSN – Delinquency Reporting using the guidelines as outlined in Announcement 09-27 until further notification. However, after December 10, 2009, only offers that meet the PRP guidelines will be allowed into the system.</i></p> <p>You must submit a “full-file” credit report to each major credit repository on a monthly basis.</p>
Incentive fees	<p>Servicers will receive a \$200 incentive fee upon the successful completion of a permanent foreclosure prevention alternative.</p> <p>The incentive fee is paid automatically by Fannie Mae to the servicer as long as you do the required reporting.</p>
Costs	<p>There is no cost to the borrower for a Payment Reduction Plan.</p>

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LONG-TERM OR PERMANENT HARDSHIP Other Forbearance

Description	<p>Forbearance is a written agreement that provides a temporary reduction or suspension of payments (subject to the limits of the governing MBS trust document under which an MBS loan was pooled, if applicable) on a borrower's mortgage loan.</p> <p>During the period of forbearance, you must work with the borrower to identify the feasibility of, and implement, a more permanent long term resolution of the delinquency from the following options (to be considered in the following preferred order) – modification, pre-foreclosure sale or deed-in-lieu.</p>										
Eligibility	<p>Intended for a borrower who does not meet the eligibility requirements of the Home Affordable Modification Program or a Payment Reduction Plan.</p>										
Terms and conditions	<p>Forbearance can be implemented for borrowers facing imminent default and/or who have missed one or more payments on their mortgage loan.</p> <p>The maximum length of time forbearance can be offered depends on the trust agreement under which a loan was pooled (if applicable) and whether the borrower's mortgage loan faces imminent default or is currently in default.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 40%; text-align: center;">2009 MBS Trust Agreement, 1980s Indentures and Portfolio Loans</th> <th style="width: 40%; text-align: center;">2007 Amended Trust Agreement</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Reasonably foreseeable default</td> <td>Initially, 6 months; may be extended to a total of 12 months. Prior written approval from Fannie Mae required for a period longer than 12 months.</td> <td style="text-align: center;">6 months</td> </tr> <tr> <td style="vertical-align: top;">Default has occurred</td> <td>12 Months, unless Fannie Mae gives prior written approval for a longer period</td> <td style="text-align: center;">6 months</td> </tr> </tbody> </table> <p>A written agreement with the borrower is required if the forbearance period is greater than 6 months.</p> <p>Fannie Mae approval is not required except as noted above.</p>			2009 MBS Trust Agreement, 1980s Indentures and Portfolio Loans	2007 Amended Trust Agreement	Reasonably foreseeable default	Initially, 6 months; may be extended to a total of 12 months. Prior written approval from Fannie Mae required for a period longer than 12 months.	6 months	Default has occurred	12 Months, unless Fannie Mae gives prior written approval for a longer period	6 months
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Reporting requirements	<p>You must report delinquency status code 09 in HSSN for each month the forbearance is in effect.</p> <p>You must submit a "full-file" credit report to each major credit repository on a monthly basis.</p>										
Incentive fees	<p>There are no servicing incentive fees.</p>										
Costs	<p>There is no cost to the borrower for forbearance.</p>										

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LONG-TERM OR PERMANENT HARDSHIP Modification

Description	<p>A modification is a change in the terms of a mortgage loan to make it more affordable. Typically, a modification involves making one or more of the following changes:</p> <ul style="list-style-type: none"> • Change the mortgage loan type (ARM to FRM) • Extend the mortgage loan term (e.g., from 30 to 40 years) • Implement a below-market step rate for 2 to 3 years • Capitalize delinquent P&I into the loan balance • Implement a temporary or permanent reduction in interest rate
Eligibility	<p>A borrower is eligible for a loan modification if he/she:</p> <ul style="list-style-type: none"> • Has a permanent financial hardship • Has expenses that exceed current income but not following the modification
Terms and conditions	<p>Fannie Mae approval is required by submitting a request via HSSN – Workout Profiler. MI written approval is required.</p> <p>A modification does require an MBS loan to be removed from its pool:</p> <ul style="list-style-type: none"> • A loan in a “special servicing option” pool must be reclassified prior to modifying it • A loan in a “regular servicing option” pool must be repurchased by the lender in order to modify it <p>In order to remove a loan from its pool for purposes of modification, the loan must have been in a continuous state of default for at least four consecutive monthly payments</p> <p>To execute the modification:</p> <ul style="list-style-type: none"> • Prepare the Loan Modification Agreement (Form 3179, 3161 or 3162, as applicable) and obtain the signature(s) of the borrower(s) • You may only sign the Loan Modification Agreement for an MBS loan after the loan has been reclassified • Obtain subordination agreements from junior lienholders and record the modification if required by Fannie Mae in its written approval of the modification • Submit original agreement to document custodian within 30 days
Reporting requirements	<p>You must report delinquency status code 28 in HSSN for each of the months the loan modification is in effect.</p> <p>You must submit a “full-file” credit report to each major credit repository on a monthly basis.</p>
Incentive fees	<p>There is a \$700 servicing incentive fee if the modification successfully brings the mortgage loan current.</p> <p>The incentive fee is paid automatically by Fannie Mae to the servicer as long as you do the required delinquency reporting.</p>
Costs	<p>There is no charge to the borrower for any administrative costs related to a loan modification.</p> <p>You can charge the borrower for any actual out-of-pocket expenses.</p>

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LONG-TERM OR PERMANENT HARDSHIP Pre-Foreclosure Sale

Description	A pre-foreclosure sale (or short sale) involves releasing the lien against the property in exchange for proceeds from the sale of the property of less than the amount owed.
Eligibility	<p>A pre-foreclosure sale should be considered only when all your efforts to cure the mortgage loan delinquency have failed and it is clear that the borrower cannot or does not want to keep the property.</p> <p>Other guidelines are as follows:</p> <ul style="list-style-type: none"> • The borrower must be facing financial hardship and/or a decline in property value • The borrower may be required to contribute cash or execute a note to mitigate our losses • Property must be free of other liens (including homeowner’s association liens) • The borrower must execute all documents although sales proceeds will be paid to Fannie Mae
Terms and conditions	<p>A pre-foreclosure sale can be initiated for borrowers who are delinquent and can no longer afford their home but want to avoid foreclosure.</p> <p>Fannie Mae approval is required. To obtain approval, submit a request via HSSN – Workout Profiler. We require a current property inspection to assist in evaluating the merits of a pre-foreclosure sale.</p> <p>MI written approval is required (if applicable).</p> <p>Execute the pre-foreclosure sale by following these steps:</p> <ul style="list-style-type: none"> • The borrower, working with a realtor, puts the home on the market • Once the borrower receives a purchase offer, the servicer must notify Fannie Mae and MI (if applicable) immediately
Reporting requirements	<p>You must report delinquency status code 17 in HSSN for each of the months the pre-foreclosure sale is in effect.</p> <p>You must submit a “full-file” credit report to each major credit repository on a monthly basis.</p>
Incentive fees	<p>There is a tiered incentive fee for a servicer for each successful pre-foreclosure sale:</p> <ul style="list-style-type: none"> • \$1,500 for (i) pre-foreclosure sales with Net Proceeds to Value (NPTV) equal to or greater than 92% or (ii) pre-foreclosure sales in situations in which the mortgage insurance claim is projected to make Fannie Mae whole for all losses • \$1,250 for pre-foreclosure sales with NPTV equal to or greater than 90% but less than 92% • \$1,000 for pre-foreclosure sales with NPTV of less than 90% <p>Borrowers are eligible for relocation assistance of \$2,500 or \$5,000 (depending on the state). To receive the incentive fee and/or relocation assistance you must complete a Cash Disbursement Request, Form 571.</p>
Costs	There is no cost to the borrower for a pre-foreclosure sale.

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LONG-TERM OR PERMANENT HARDSHIP Deed-in-Lieu (Voluntary Conveyance)

Description	A deed-in-lieu, also referred to as a “voluntary conveyance,” occurs when a borrower voluntarily transfers title to and possession of the property to Fannie Mae to satisfy the mortgage loan debt and avoid foreclosure.
Eligibility	<p>A deed-in-lieu is considered appropriate under these circumstances:</p> <ul style="list-style-type: none"> • Mortgage is seriously delinquent • Property has been on the market as a pre-foreclosure sale for three or more months without a reasonable offer • There are legal impediments that do not permit foreclosure proceedings to take place • It is the “last resort”
Terms and conditions	<p>Fannie Mae approval is required. You must submit a request via the Workout Profiler module of Fannie Mae’s HomeSaver Solutions Network (HSSN).</p> <p>MI approval is required.</p> <p>To execute a deed-in-lieu:</p> <ul style="list-style-type: none"> • Obtain appraisal of property • Review title report to confirm there are no subordinate liens against the property (a title insurance policy for the amount of the unpaid principal balance (UPB) is required) • Obtain Fannie Mae and MI approval • Complete property inspection report • Notify Fannie Mae of the acquired property using Fannie Mae’s REO Notification system (part of the Asset Management Network)
Reporting requirements	<p>You must report delinquency status code 44 in HSSN each month the deed-in-lieu is in effect.</p> <p>You must submit a “full-file” credit report to each major credit repository on a monthly basis.</p>
Incentive fees	<p>There is a \$1,000 servicing incentive fee for each successful deed-in-lieu.</p> <p>Borrowers are eligible for relocation assistance of \$2,500 or \$5,000 (depending on the state).</p> <p>To receive the incentive fee and/or relocation assistance you must complete a Cash Disbursement Request, Form 571.</p>
Costs	<p>There is no cost to the borrower for a deed-in-lieu.</p> <p>You can receive up to \$350 for attorneys’ fees.</p> <p>You can be reimbursed for costs related to obtaining a title update, if the borrower is unable to pay.</p> <p>To receive reimbursement for your fees and/or costs, complete a Cash Disbursement Request, Form 571.</p>

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