

**MPF Announcement:**

2023-102

**Date:**

December 21, 2023

**Alert:**

**Clarification**

New Policy

**Policy Update**

Reminder

Training Information

**Audience:**

**Compliance/Legal**

Program Management

Origination

Quality Control

**Servicing**

Underwriting

**Product:**

MPF Government MBS

MPF Traditional

**MPF Xtra<sup>®</sup>**

**Effective Date:**

**Immediately** (*unless otherwise noted*)

## MPF Xtra Servicing Updates – FNMA SVC-2023-05 (Revised)

Fannie Mae published an update to [SVC-2023-05](#), in response to Servicer feedback, the updated version of the Loan Modification Agreement (Form 3179) that was published on October 11, 2023, which included additional instructions in response to New York's Foreclosure Prevention Act was removed. Fannie Mae has reposted the version of Form 3179 that was in effect prior to October 11, 2023.

Servicers must continue to use the prior version of Form 3179, which must be modified as needed to comply with applicable federal, state, and local law.

To gain a full understanding of these topics, PFIs should review the entire Fannie Mae Announcement and any applicable Fannie Mae Servicing Guide chapters, forms, or exhibits noted in the announcements.

### Reference

[Fannie Mae Servicing Guide SVC-2023-05](#)

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

Visit the [MPF Website](#) to review and register for upcoming complimentary [MPF Webinars](#).

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# Servicing Guide Announcement (SVC-2023-05)

Oct. 11, 2023

Updated Nov. 29, 2023

Nov. 29, 2023

In response to servicer feedback on the updates to the *Loan Modification Agreement* ([Form 3179](#)) published on Oct. 11, 2023, we removed this version of Form 3179 and reposted the version of Form 3179 that was in effect prior to Oct. 11. Servicers must continue to use the prior version of Form 3179, which must be modified as needed to comply with applicable federal, state, and local law.

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

- [Firm minimum requirements](#): updating Fannie Mae’s minimum requirements for all law firms selected and retained for default-related legal services for all conventional and government single-family mortgage loans held in Fannie Mae’s portfolio and MBS pool mortgage loans guaranteed by Fannie Mae
- [Miscellaneous updates](#):
  - Incorporation of LL-2023-04, removal of HAMP references, and other updates
  - Reapplying principal payments to cure a delinquency\*

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

\*Policy change not applicable to reverse mortgage loans.

## [Loan Modification Agreement](#) Updated Nov. 29, 2023

This topic has been deleted.

## Firm minimum requirements

In alignment with Freddie Mac, we updated the firm minimum requirements to allow law firms greater flexibility to operate in post-pandemic hybrid and remote work environments. We revised the minimum number of attorneys a firm must have who are dedicated to default mortgage practice to two, and expanded the number of jurisdictions in which attorney residency is not required.

**Effective:** Servicers are encouraged to implement these changes immediately but must do so by Feb. 1, 2024.

## Miscellaneous updates

**Incorporation of LL-2023-04, removal of HAMP references, and other updates:** We updated the *Servicing Guide* to

- incorporate policy updates published on Mar. 29, 2023 in Lender Letter [LL-2023-04](#), *Payment Deferral, Disaster Payment Deferral, and Other Updates* that became effective October 1, 2023;
- remove reason for delinquency code 022, Energy-Environment Costs in accordance with Lender Letter [LL-2023-03](#), *Impact of COVID-19 on Servicing* and repurpose reason for delinquency code 007, which is now “Excessive Obligations and Energy-Environment Costs;” and
- remove applicable references to the Fannie Mae Home Affordable Modification Program (HAMP) as previously communicated in Lender Letter [LL-2022-07](#), *Fannie Mae HAMP Modification Termination*.



**Reapplying principal payments to cure a delinquency:** For portfolio mortgage loans or participation pool mortgage loans, the *Guide* authorizes servicers to reapply principal curtailments to cure a delinquency when certain conditions are met. One of those conditions requires the borrower to submit a written request to the servicer. We updated the policy to permit a verbal or written request from the borrower to reapply principal curtailments when certain conditions are met. This will simplify the operational process for servicers and borrowers.

**Effective:** Servicers are encouraged to use this flexibility immediately.

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

Servicers who have questions about this Announcement should contact their Fannie Mae Account Team, Portfolio Manager, or Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643). Have *Guide* questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).



## Impacted Topics

Section of the Announcement	Updated <i>Servicing Guide</i> Topics and Related Documents (Dated Oct. 11, 2023)
<b><i>Loan Modification Agreement</i></b>	<ul style="list-style-type: none"> <li>▪ <i>Loan Modification Agreement</i> (<a href="#">Form 3179</a>)</li> </ul>
<b>Firm minimum requirements</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">F-2-04, Firm Minimum Requirements</a></li> </ul>
<b>Incorporation of LL-2023-04, removal of HAMP references, and other updates</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">A1-3-01, Requirements for Voluntary Repurchase</a></li> <li>▪ <a href="#">A1-3-02, Fannie Mae-Initiated Repurchases, Indemnifications, Make Whole Payment Requests and Deferred Payment Obligations</a></li> <li>▪ <a href="#">A1-3-04, Reporting the Repurchase</a></li> <li>▪ <a href="#">A2-7-03, Post-Delivery Servicing Transfers</a></li> <li>▪ <a href="#">A4-2.1-07, Servicer’s Duties and Responsibilities Related to Mortgage Loans with an Outstanding Non-Interest-Bearing Balance</a> (New Topic)</li> <li>▪ <a href="#">B-1-01, Administering an Escrow Account and Paying Expenses</a></li> <li>▪ <a href="#">C-1.2-01, Processing Additional Principal Payments</a></li> <li>▪ <a href="#">D2-3.2-02, Repayment Plan</a></li> <li>▪ D2-3.2-04, Fannie Mae HAMP Modification (Deleted Topic)</li> <li>▪ <a href="#">D2-3.2-04, Payment Deferral</a></li> <li>▪ <a href="#">D2-3.2-05, Disaster Payment Deferral</a></li> <li>▪ <a href="#">D2-3.2-06, Fannie Mae Flex Modification</a></li> <li>▪ <a href="#">E-1.3-01, General Servicer Responsibilities for Non-Routine Matters</a></li> <li>▪ <a href="#">F-1-05, Expense Reimbursement</a></li> <li>▪ <a href="#">F-1-11, Post-Delivery Servicing Transfers</a></li> <li>▪ <a href="#">F-1-18, Processing a Workout Incentive Fee</a></li> <li>▪ <a href="#">F-1-21, Reporting a Delinquent Mortgage Loan via Fannie Mae’s Servicing Solutions System</a></li> <li>▪ <a href="#">F-1-22, Reporting a Workout Option via Fannie Mae’s Servicing Solutions System</a></li> <li>▪ <a href="#">F-2-02, Incentive Fees for Workout Options</a></li> <li>▪ F-2-11, Payment Deferral Delinquency Eligibility Examples (Deleted Topic)</li> <li>▪ <a href="#">F-3-16, Acronyms and Glossary of Defined Terms: P</a></li> <li>▪ <a href="#">F-4-02, List of Contacts</a></li> <li>▪ <a href="#">Investor Reporting Manual</a> <ul style="list-style-type: none"> <li>○ 4-01, Reporting a Mortgage Loan Eligible for a Payment Deferral</li> <li>○ 4-02, Reporting a Mortgage Loan After a Payment Deferral</li> </ul> </li> </ul>
<b>Reapplying principal payments to cure a delinquency</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">C-1.2-01, Processing Additional Principal Payments</a></li> </ul>