

**MPF Announcement:**

2023-84

**Date:**

November 3, 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

Pursuant to Fannie Mae [SVC-2023-05](#), the below referenced topics have been updated that are applicable to mortgage loans serviced under the MPF Xtra product:

- Updated the Loan Modification Agreement (Form 3179) with additional instructions in response to New York's Foreclosure Prevention Act and to include a defense waiver provision.
- Updated Fannie Mae's minimum requirements for all law firms selected and retained for default-related legal services for single family mortgage loans.

Miscellaneous updates:

- Incorporated updates previously announced in LL-2023-04, removal of HAMP references, and other updates.
- Updated policy to permit a verbal or written request from the Borrower to reapply principal curtailments to cure a delinquency when certain conditions are met.
  - Note: Servicers must work with the MPF Service Center to address such requests by sending an email to [MPF-Help@fhlbc.com](mailto:MPF-Help@fhlbc.com) that includes the following details:
    - The number of payments being reapplied.
    - A payment history dating back to the date of any curtailments that were received that are being reapplied.
    - The next payment due date after the reapplication of the principal curtailments.
    - Indicate whether the Borrower is making an additional payment or if the Borrower is combining the reapplication with a workout option.

### 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](#).

### Follow Us



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.

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# Servicing Guide Announcement (SVC-2023-05)

Oct. 11, 2023

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

- [Loan Modification Agreement](#)\*: updates the *Loan Modification Agreement (Form 3179)* with additional instructions in response to New York’s Foreclosure Prevention Act and to include a defense waiver provision
- [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

We updated Form 3179 to

- require the inclusion of two new provisions for mortgage loans secured by a property in New York where the mortgage loan has been accelerated for at least 48 months; and
- include a provision applicable to all mortgage loan modifications in which the borrower, to the extent permitted by applicable law, agrees to waive the right of set-off, counterclaim, or defense to the obligations in the note and security instrument.

**Effective:** Servicers are encouraged to implement these changes immediately but must do so for all *Loan Modification Agreements* sent to the borrower for signature on and after Jan. 1, 2024.

## 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>