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# FEDERAL HOUSING FINANCE AGENCY



## NEWS RELEASE

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### **Fannie Mae and Freddie Mac to Align Guidelines for Servicing Delinquent Mortgages Updated Framework to Include Servicer Incentives and Penalties**

**Washington, DC** – Federal Housing Finance Agency Acting Director Edward J. DeMarco has directed Fannie Mae and Freddie Mac (the Enterprises) to align their guidelines for servicing delinquent mortgages they own or guarantee. The updated framework will establish uniform servicing requirements as well as monetary incentives for servicers that perform well and penalties for those that do not.

“FHFA’s directive to align Enterprise policies for servicing delinquent mortgages should result in earlier servicer engagement to identify the best solution available for homeowners, given their individual circumstances,” DeMarco said.

The updated guidelines also address the so-called “dual track” by requiring servicers to contact borrowers as soon as they become delinquent and focus solely on remediating that delinquency. The foreclosure process may not commence if the borrower and servicer are engaged in a good-faith effort to resolve the delinquency. The servicer must conduct a formal review of each case to ensure a borrower has been considered for foreclosure alternatives before the loan is referred for foreclosure. Even after foreclosure processing begins, financial incentives are provided to encourage servicers to continue to help borrowers pursue a foreclosure alternative.

Consistent with statements recently issued by federal and state regulators, this initiative is intended to deal with identified problems in mortgage servicing. The updated framework will streamline and expedite borrower outreach, align mortgage modification terms and requirements, and establish a consistent schedule of performance-based incentive payments and penalties. Fannie Mae and Freddie Mac will each issue detailed guidelines to their servicers in the second and third quarters of 2011.

“Once fully implemented by the servicing industry, the Enterprises’ aligned policies should give homeowners a greater understanding of the process and faster resolution by requiring earlier contact, more frequent communication, and prompt decisions,” said DeMarco. “Equally important, the newly aligned policies will minimize taxpayer losses by ensuring that Enterprise loans are serviced efficiently and fairly.”

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[Link to Frequently Asked Questions](#)

[Link to Fannie Mae Notice to Servicers](#)  
[Link to Freddie Mac Notice to Servicers](#)

*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.9 trillion in funding for the U.S. mortgage markets and financial institutions.*