



F-1-06, Expense Reimbursement (01/18/2017)

Introduction

This Servicing Guide Procedure contains the following:

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- [Requesting Reimbursement for Recordation Fees](#)
- [Requesting Reimbursement for Mortgage Insurance Premium Expenses](#)
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General Expense Reimbursement Requirements

The servicer must advance its own funds in accordance with *Advancing Funds to Cover Expenses* in [B-1-01, Administering an Escrow Account and Paying Expenses](#) and *Requirements When a Property's Flood Zone Status Changes* in [B-3-01, Flood Insurance Requirements Applicable to All Property Types](#).

Applying Mortgage Payments toward Escrow or Corporate Advances

If the borrower does not repay an escrow or corporate advance and the mortgage loan terms and applicable law allow it, the servicer must apply the monthly payment received from the borrower toward advances in the order shown in the following table, in accordance with the *Servicing Guide*.

Step	Funds must be applied in the order shown
1	Reimbursable expenses—such as the cost for repairing or securing the property and late payment penalties imposed by tax authorities (if the borrower was a factor in delaying the payment).
2	Interest on the amount advanced—calculated at the current interest accrual rate, from the date of the advance to the date payment is received.
3	The advance or amount agreed to as a periodic payment toward the total advanced.

Step	Funds must be applied in the order shown
4	The scheduled mortgage loan payment. If the remaining amount is not equal to a full payment, it should be processed as a payment shortage.

Requesting Reimbursement from Fannie Mae

To be eligible for reimbursement of either escrow or corporate advances from Fannie Mae, advances must be

- necessary to protect Fannie Mae’s interest in the property, and
- made for a mortgage loan that is a
 - portfolio mortgage loan,
 - participation pool mortgage loan, or
 - special servicing option MBS mortgage loan.

The servicer must also follow the requirements set forth in *Chapter E-5, Requesting Reimbursements for Default-Related Expenses*.

The servicer must take the steps shown in the following table to obtain reimbursement of funds advanced to cover expenses.

Step	Servicer Action
1	Advance the funds to pay expenses in a timely manner.
2	Submit a <i>request for expense reimbursement</i> with required supporting documentation.
3	Retain in the mortgage loan servicing file all supporting documentation for all <i>requests for expense reimbursement</i> .
4	Ensure supporting documentation is available to Fannie Mae upon request.

If Fannie Mae reimburses the servicer for an advance, any subsequent repayment by the borrower must be used to repay Fannie Mae.

When the servicer accepts a full reinstatement of the mortgage loan in accordance with [E-3.2-08, Processing Reinstatements During Foreclosure](#) where Fannie Mae has reimbursed the servicer for its advances for foreclosure-related expenses including the costs of any preforeclosure property inspection, the servicer must repay the reimbursement by remitting the funds as a special remittance in accordance with *Remitting a Special Remittance* in [F-1-29, Remitting and Accounting to Fannie Mae](#).

When a property has been remapped into an SFHA and the servicer is unable to collect the applicable flood insurance premium from the borrower, Fannie Mae will advise the servicer if any of the remedies permitted under the mortgage loan should be pursued against the borrower.

Requesting Reimbursement for Special Assessments

When a special assessment is imposed on a property, the servicer must take certain actions in accordance with the *Servicing Guide*. See *Paying Special Assessments* in [B-1-01, Administering an Escrow Account and Paying Expenses](#).

If the project is in a state that has adopted the UCA, the UCIOA, or a similar statute, after completion of the foreclosure sale or acceptance of the Mortgage Release, Fannie Mae will reimburse the servicer for advances up to the lowest of the

- actual advances paid,
- maximum limit provided in the project declaration, or
- state statutory maximums.

Fannie Mae will not reimburse the servicer for any fees or costs related to attempts to collect the delinquent assessments.

The servicer must take the steps shown in the following table to obtain reimbursement of special assessments.

Step	Servicer Action
1	Advance the funds to pay expenses.
2	Complete the foreclosure sale or acceptance of the Mortgage Release.
3	Submit a <i>request for expense reimbursement</i> .

Requesting Reimbursement for Expenses Associated with Workout Options

Requesting Reimbursement for HAMP Expenses

The servicer must pay any actual out-of-pocket expenses in accordance with *Handling Fees and Late Charges in Connection with a Fannie Mae HAMP Modification* in [D2-3.2-07, Fannie Mae HAMP Modification](#). The servicer must pay any out-of-pocket expenses, such as the following:

- required notary fees,

- recordation fees,
- title costs,
- property valuation fees,
- credit report fees, or
- other allowable and documented expenses.

Fannie Mae will reimburse the servicer for allowable out-of-pocket expenses. To request reimbursement, the servicer must complete a *request for expense reimbursement* that complies with the instructions shown in the following table.

✓	The servicer must...
	Submit a <i>request for expense reimbursement</i> to Fannie Mae.
	Include only administrative fees and costs associated with HAMP on the <i>request for expense reimbursement</i> .
	Reference HAMP in the comments section on the <i>request for expense reimbursement</i> .

Requesting Reimbursement for Mortgage Loan Modification Expenses

The servicer must pay any actual out-of-pocket expenses in accordance with the *Servicing Guide* associated with the execution of the following mortgage loan modifications:

- Fannie Mae Standard Modification,
- Fannie Mae Streamlined Modification,
- Fannie Mae Streamlined Modification Post Disaster Forbearance,
- Fannie Mae Cap and Extend Modification for Disaster Relief, or
- Fannie Mae 2MP Modification.

The servicer must pay any out-of-pocket expenses, including, but not limited to, the following:

- required notary fees,
- recordation fees,
- title costs,

- property valuation fees,
- credit report fees, or
- other allowable and documented expense.

Fannie Mae will reimburse the servicer for allowable out-of-pocket expenses in accordance with this Procedure.

Requesting Reimbursement for Short Sale Expenses

The servicer may request reimbursement for Fannie Mae's share of all expenses related to a short sale for a conventional mortgage loan, including the amount required to reimburse the servicer for the appraisal, by submitting a *request for expense reimbursement*.

Note: Uncollected late charges will not be reimbursed.

The servicer must retain the original invoices that support the expenses claimed in the mortgage loan servicing file.

For special servicing option MBS mortgage loans, the servicer must not request reimbursement for Fannie Mae's share of the amount required to remove the mortgage loan (or participation interest in the mortgage loan) from the pool, since Fannie Mae will automatically reimburse the servicer for this amount after it remits the funds and reports the applicable action code required to remove the mortgage loan (or participation interest in the mortgage loan) from the pool. Also see the [Investor Reporting Manual](#) for additional information.

Requesting Reimbursement for Mortgage Release Expenses

Fannie Mae will reimburse the servicer for costs related to

- preparing documentation for a completed Mortgage Release (see *Defined Expense Reimbursement Limits* further in this topic), and
- obtaining a title update associated with execution of a Mortgage Release (provided the borrower is unable to pay).

Reimbursing Fannie Mae for a Cancelled Mortgage Loan Modification

For any mortgage loan modification that is cancelled by the servicer but not re-entered into HSSN within 30 days of the date of the cancellation, the servicer must refund Fannie Mae within 60 days of the cancellation date any requested amounts paid by Fannie Mae to the servicer in connection with the cancelled mortgage loan modification.

Requesting Reimbursement for Prorated Attorney Fees

The servicer may request reimbursement of prorated attorney fees in accordance with [E-5-5 , Prorated Attorney Fees / Reimbursement of Uncollected Fees, Costs or Advances](#). To request reimbursement, the servicer must comply with the instructions shown in the following table.

✓	<p>The servicer must...</p> <p>Include any information that Fannie Mae needs to verify the accuracy of the requested amount, including:</p> <ul style="list-style-type: none"> • a description of the work performed; • a copy of Fannie Mae’s written approval of any additional fees, if applicable; and • an explanation of how the prorated fee was derived.
	Distinguish between prorated attorney fees and the law firm’s out-of-pocket costs.
	Submit the <i>request for expense reimbursement</i> to Fannie Mae.

Requesting Reimbursement for Property Inspections

Fannie Mae will reimburse the servicer for all interior and exterior preforeclosure property inspections (see [E-4.3-02, Inspecting Properties Post-Foreclosure Sale](#)), as well as post-foreclosure sale inspections following a third-party sale (see [E-3.5-02, Handling Third-Party Sales](#)), completed in compliance with requirements of the *Servicing Guide*. See *Defined Expense Reimbursement Limits* further in this topic.

The following table describes the servicer’s responsibilities when requesting reimbursement for property inspection fees.

✓	<p>The servicer must...</p> <p>Validate fees and costs prior to submitting a request for expense reimbursement to ensure the expenses are</p> <ul style="list-style-type: none"> • reasonable and necessary to protect Fannie Mae’s interest, and • compliant with Fannie Mae’s guidelines.
	Retain all individual invoices related to completed property inspections and make the invoices available to Fannie Mae upon request.

✓	The servicer must...
	Request reimbursement for the lesser of Fannie Mae’s maximum allowable reimbursement amount or the actual cost incurred by submitting a <i>request for expense reimbursement</i> .

Requesting Reimbursement for Recordation Fees

In accordance with [C-1.2-05, Charging for a Release of Lien](#), the servicer must complete the steps in the following table in order to request reimbursement for recordation fees it must pay in connection with mortgage loan satisfactions.

Step	Servicer Action
1	At the end of each calendar quarter, create an itemized list of <ul style="list-style-type: none"> • the individual mortgage loans, • their respective states, and • the related fees paid during that quarter.
2	Complete a <i>request for expense reimbursement</i> .
3	Send the completed <i>request for expense reimbursement</i> and itemized list to Fannie Mae’s SF CPM division (see F-4-03, List of Contacts).

Note: The servicer must not net fees for recording the satisfaction of a mortgage loan out of the proceeds received for the individual mortgage loan payoff.

Fannie Mae will reimburse the servicer for any government-imposed recordation fees it has to pay in connection with mortgage loan satisfactions as described in the following table, in accordance with [C-1.2-05, Charging for a Release of Lien](#).

If the mortgage loan is secured by property in...	And...	Then the servicer may...
Kansas, Michigan, or Tennessee	the mortgage loan is a portfolio mortgage loan or a special servicing option MBS mortgage loan	submit a <i>request for expense reimbursement</i> to Fannie Mae.
Maryland or Ohio	<ul style="list-style-type: none"> • the mortgage loan is a portfolio mortgage loan or 	submit a <i>request for expense reimbursement</i> , thus

If the mortgage loan is secured by property in...	And...	Then the servicer may...
	a special servicing option MBS mortgage loan, and <ul style="list-style-type: none"> • the mortgage loan documents do not specifically require the borrower to pay the recordation fee 	warranting the mortgage loan documents do not allow it to pass the charges on to the borrower.
any state other than Kansas, Michigan, Tennessee, Maryland, and Ohio	<ul style="list-style-type: none"> • the mortgage loan is a portfolio mortgage loan or a special servicing option MBS mortgage loan, and • state or local law requires the mortgagee to pay recordation fees 	submit a <i>request for expense reimbursement</i> , attaching copies of the applicable state or local law to support its request.

Requesting Reimbursement for Mortgage Insurance Premium Expenses

Fannie Mae will reimburse the servicer its costs for borrower-paid primary MI as required in accordance with [B-8.1-02, Paying Conventional Mortgage Insurance Premiums](#). The servicer is authorized to request reimbursement for servicing advances for MI renewal premiums that are paid after the date of default and through the month that any of the following events occurs:

- a third-party sale,
- a short sale,
- a foreclosure, or
- a Mortgage Release (deed-in-lieu of foreclosure).

If the servicer receives an MI premium refund from the mortgage insurer after receiving reimbursement of the MI premium from Fannie Mae, the servicer must remit the reimbursed funds to Fannie Mae through the CRS using the 370 receipt code within 30 days of Fannie Mae's request, unless the servicer receives the MI premium refund following the repurchase of a bifurcated loan, in which case the servicer must follow [A1-3-03, Repurchase Obligations Related to Bifurcated Mortgage Loans](#).

Defined Expense Reimbursement Limits

This procedure contains the amount that Fannie Mae will pay for its share of expenses when specific reimbursement expense limits are defined. Also see the [Allowable Foreclosure Attorney Fees Exhibit](#) and the [Allowable Bankruptcy Attorney Fees Exhibit](#) for additional information.

Defined Expense Reimbursement Limits	
Property Inspections	
Description	Maximum Reimbursement Amount
Interior Property Inspection	\$20/inspection
Exterior Property Inspection	\$15/inspection
Workout Expenses	
Mortgage Release document preparation cost	up to \$400 each, upon completion
Escrow Expenses	
Taxes	Post-origination tax periods covering up to <ul style="list-style-type: none"> • six months prior to the LPI date for an escrowed account, or • one year prior to the LPI date for non-escrowed accounts.
Tax Penalties and Late Charges	<ul style="list-style-type: none"> • Late charges and penalties are not payable on escrowed mortgage loans. • The first set of late charges and penalties for each tax type, for non-escrowed mortgage loans.
HOA Dues	From the foreclosure sale date up to the REO sale date (disposition). Reimbursement of dues incurred prior to the foreclosure date will be decided per each state’s statutes.
Property Insurance	Premiums paid for up to 14 days after <ul style="list-style-type: none"> • the date the property appears on the Vacancy Report in HomeTracker as an acquired property, • the closing date for a short sale, or

Defined Expense Reimbursement Limits	
	<ul style="list-style-type: none"> for a third-party sale the later of the date the sale is completed (including funds received), or when applicable, the date the court confirms or ratifies the sale.
Flood Insurance	Post-origination flood insurance policies beginning within six months prior to the LPI date.
Technology Fees and Electronic Invoicing	
Description	Maximum Reimbursement Amount
Technology Fees	\$25/mortgage loan for life of the default
Electronic Invoicing	\$10/life of mortgage loan; \$5 for submission of electronic invoice relating to a foreclosure and an additional \$5 if a bankruptcy is filed on the same mortgage loan
Property Preservation	
Description	Maximum Reimbursement Amount
A. Securing	
Knob lock or Knob lock with deadbolt	\$60 each
Padlock or Hasp and Padlock	\$40 each
Slider lock/Window lock	\$25 each
Boarding	\$0.90/united inches (UI)
Clearboarding	Small = < 75 UI = \$130 Medium 76-100 UI = \$160 Large 101-125 UI = \$190 X-Large >126 UI = \$210
Security Door	\$250/door
Exterior Door	\$300 for the life of the mortgage loan
Exterior Door Jamb	\$200 for the life of the mortgage loan
Cover Exterior Dryer Vent	\$25 each — 1 per unit for the life of the mortgage loan
Repair Garage Door	\$100/door for the life of the mortgage loan

Defined Expense Reimbursement Limits	
Pool/Hot Tub/Spa Securing — Fence/Gate/Lanai	\$400 total for the life of the mortgage loan
Pool Covers	\$1,200 for the life of the mortgage loan
Repair/Replace Fence/Gate/Lanai (No Pool)	\$300 for the life of the mortgage loan
B. Lawn Maintenance	
Initial Grass Cut and Desert Landscaping (Less than 12” height)	Less than 10,000 sq ft — \$100 each
	10,001 — 15,000 square ft — \$150 each
	15,001 — 25,000 sq ft — \$175 each
	25,001 — 35,000 sq ft — \$200 each
Grass Re-cut and Desert Landscaping	35,001 — 43,560 sq ft — \$225 each
	Less than 10,000 sq ft — \$80 each
	10,001 — 15,000 sq ft — \$100 each
	15,001 — 25,000 sq ft — \$125 each
Trim Trees/Shrubs/Vines	25,001 — 35,000 sq ft — \$150 each
	35,001 — 43,560 sq ft — \$175 each
	\$250/calendar year (\$500/calendar year HI & FL)
	C. Winterization
Dry Winterization	\$100 for the first unit for the life of the mortgage loan
Wet/Steam Winterization	\$150 for the first unit for the life of the mortgage loan
Radiant Winterization	\$250 for the first unit for the life of the mortgage loan
Additional unit of any type of winterization	\$50 each for the life of the mortgage loan
Re-Winterize	\$50 each /calendar year
D. Health and Safety	
Cleaning Refrigerator and Stand Alone Freezer	\$100 each
Cleaning Toilet	\$75 each
Capping Wires	\$1 each

Defined Expense Reimbursement Limits	
Capping Gas/Water/Sewer Lines	\$25 each
Extermination	\$100/calendar year
Install/Repair/Replace Exterior Handrails	\$10/linear foot, \$200 for the life of the mortgage loan
Repair/Replace Steps	\$150 for the life of the mortgage loan
E. Raw Garbage, Perishable Debris, and Personal Property	
*Combined maximum of 10 cubic yards for the life of the mortgage loan	
Raw Garbage and Perishable Debris — Interior/Exterior	*\$40/cubic yard
Move Personal Property — Interior/Exterior	*\$20/cubic yard
Dead Vermin/Animal Removal	\$75 for the life of the mortgage loan
F. Additional Allowable Items	
Address Posting	\$50 for the life of the mortgage loan
Chimney Cap	\$250/cap — 2 per unit for the life of the mortgage loan
Clean Gutters	\$1/linear foot, \$100/calendar year
Repair/Reattach Gutters	\$2/linear foot, \$150/calendar year
Snow Removal	\$75 each clearing, \$375/calendar year
Repair/Replace Sump Pump	\$300 for the life of the mortgage loan
Utility Transfers and Shut Off	\$75 for one time shut off/transfer fee of each
Police/Fire Report	\$50 for the life of the mortgage loan
Emergency Funds	\$500 for the life of the mortgage loan
Graffiti Removal	\$200 for the life of the mortgage loan
G. Damaged Properties	
Patch/Repair Roof	\$2/sq ft., \$800 for the life of the mortgage loan
H. Code Violations	
Vacant Property Registration	Actual cost to register per local requirement
Foreclosure Expenses	
Publication Placement	\$35 per foreclosure referral
Posting Notice of Foreclosure Sale	\$75 per foreclosure referral for the following counties in the State of California:

Defined Expense Reimbursement Limits	
	<ul style="list-style-type: none"> • Los Angeles • Orange • Riverside • San Diego • San Bernadino <p>\$125 per foreclosure referral for all other counties in the State of California</p>

Requesting Reimbursement for Other Reimbursable Default-Related Legal Expenses

In accordance with [E-5-07, Other Reimbursable Default-Related Legal Expenses](#), Fannie Mae will reimburse the servicer for the following out-of-pocket costs that it pays to third-party vendors or the courts, as long as the costs are actual, reasonable, and necessary (and are included in any applicable FHA, VA, RD, or MI claim that is filed):

- filing costs and other costs required by the courts (including fees paid to a third-party vendor when the court requires the attorney to use the vendor in order to file electronically);
- trustee sale guarantees or other title foreclosure litigation reports;
- costs for posting notices of foreclosure sales (see *Defined Expense Reimbursement Limits* within this topic);
- costs for publication of legal notices (reimbursable for California non-judicial foreclosures only if the notices are placed as specified by Fannie Mae);
- costs for publication placement services for allowable jurisdictions (see *Defined Expense Reimbursement Limits* within this topic);
- costs of announcing postponements of foreclosure sales;
- costs of servicing summonses and complaints and other legal notices for which the law requires personal service;
- charges for brokers' price opinions (or for appraisals, if Fannie Mae instructed the servicer to obtain them) that are obtained in connection with relief provisions, workout options, or if legally required to determine the amount of the foreclosure bid;

- the cost of recording any legal documents necessary to the conduct of the foreclosure (such as notices of default, notices of sale, substitutions of trustees, assignments, satisfaction documents, deeds), including fees paid to a third-party vendor when the county recorder/ Land Evidence records requires the attorney to use the vendor in order to electronically record the documents; and
- other costs that Fannie Mae approves in advance, such as title costs that exceed the maximum allowable title cost, or that are specifically footnoted on the standard fee schedule that appears in [Allowable Attorney Foreclosure Fees Exhibit](#).

Note: Fannie Mae will not reimburse the servicer for any expense incurred in preparing or recording an assignment of the mortgage loan from MERS to either the servicer or Fannie Mae. Reassigning and re-registering the mortgage with MERS is not required by Fannie Mae and any such action will be at the discretion or and expense of the servicer.

Fannie Mae will reimburse the servicer for postage costs incurred by law firms for first-class mail and certified or registered mail when required, provided the postage costs are incurred by the law firm retained by the servicer to handle Fannie Mae foreclosure and bankruptcy matters on mailings that are required by

- state statute, or
- court rule or court order.

Fannie Mae will not reimburse the servicer for postage costs incurred in connection with mailings by the servicer or law firm that are associated with servicer functions. Examples of mailings that are associated with servicer functions are

- demand and acceleration letters;
- communications with borrowers or third parties related to general servicing matters that are not required by state statute, court rule or order;
- correspondence addressing allegations of servicing or organization error;
- responses to Qualified Written Requests under RESPA; and
- responses to FDCPA letters.

All postage costs must be actual, reasonable, and necessary. Fannie Mae will not reimburse the servicer for the cost of

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- mailing preparation services,
 - overnight mail,
 - stationery
 - envelopes, or
 - postal meter rental.

Under the provisions of 12 U.S.C. §1723a (c)(2), Fannie Mae is exempt from the imposition of revenue or documentary stamps (or the like) that are imposed pursuant to state law. Therefore, Fannie Mae will not reimburse the servicer for those items if it pays them.

Related Announcements

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

Announcements	Issue Date
Announcement SVC-2017-01	January 18, 2017
Announcement SVC-2016-10	November 9, 2016
Announcement SVC-2016-09	October 19, 2016
Announcement SVC-2016-05	June 8, 2016
Announcement SVC-2016-04	May 11, 2016
Announcement SVC-2016-03	April 13, 2016
Announcement SVC-2015-15	December 16, 2015
Announcement SVC-2015-14	November 25, 2015
Announcement SVC-2015-12	September 9, 2015
Announcement SVC-2015-07	May 20, 2015
Announcement SVC-2015-04	March 18, 2015
Announcement SVC-2014-21	December 10, 2014