What’s New?

Revisions for November 2019

The REO Sales Guide has been updated. Discard all previous versions and begin using this updated version immediately. Please pay attention to the changes identified in the list below. Since multiple sections of the Guide have been updated, we ask that you review each of the sections indicated to ensure you continue to meet our guidelines. Revisions include, but are not limited to, the headings noted below but you are expected to comply with all parts of the Guide even if not referenced as a change in the section below.

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<td>Throughout this Guide, we have replaced the “Real Estate Purchase Addendum” with our Fannie Mae “Residential Real Estate Purchase and Sale Contract.”</td>
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<td>Throughout this Guide, we have removed any reference to HomePath Learning Zone and replaced with information to the Fannie Mae Business Portal, as training courses are now housed there.</td>
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<td>Updated verbiage with more information on the Code Compliance Team.</td>
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<td>What if I have a special request regarding a property or need to inform the Field Services Company about a property?</td>
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<td><strong>Section 3: Handling Properties with Environmental or Other Special Issues</strong></td>
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- Mortgage Prequalification Letter or Proof of Funds
- Earnest Money Deposit
- Electronic Signatures

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Introduction
Overview

Fannie Mae is a government-sponsored enterprise chartered by Congress with a mission to provide liquidity, stability and affordability to the U.S. housing and mortgage markets. Fannie Mae operates in the U.S. secondary mortgage market. Rather than making home loans directly to consumers, Fannie Mae works with mortgage bankers, brokers and other primary mortgage market partners to help ensure they have affordable-rate funds to lend to homebuyers. Fannie Mae funds its mortgage investments primarily by issuing debt securities in the domestic and international capital markets.

Fannie Mae relies on lenders and servicers to manage its assets to assist Fannie Mae in accomplishing its mission. A mortgage lender is the financial institution that funds the mortgage loan. The mortgage servicer collects the mortgage payments and credits a borrower’s account.

Whenever a borrower is no longer able to make the mortgage payments, the servicer is directed to protect Fannie Mae’s investment by taking prudent action. The servicer makes every reasonable effort to work with the borrower to cure the delinquency by offering various relief provisions or loss mitigation alternatives before referring a loan to foreclosure.

Fannie Mae works with all of its partners to help homeowners prevent and avoid foreclosure; however, sometimes it is unavoidable. When foreclosures occur on mortgages in which Fannie Mae is the investor, the Real Estate Owned (REO) organization takes over and makes every effort to sell properties. Fannie Mae’s REO organization is responsible for managing and selling properties acquired via foreclosure or Mortgage Release™ (also known as deed-in-lieu).

The REO organization is responsible for the entire REO process including securing the property, ongoing maintenance, repairs, valuation and the ultimate sale or rental of the property.

Guiding Principles

REO promotes affordable home ownership through disciplined credit loss management. We make every effort to reduce loss severity through sales price maximization and cycle-time management. Fannie Mae seeks to be a leader and innovator in neighborhood stabilization efforts. We are committed to sell as many properties as possible to owner occupants as such homeowners are most invested in the long-term sustainability of their community. We are dedicated to mitigating foreclosure impact by quickly securing properties, repairing and maintaining properties, and finding committed purchasers or renters for our properties.
Using the Guide

Purpose

The **REO Sales Guide** (further referred to as “the Guide”) is the primary reference published to keep listing agents informed about the policies and procedures related to Fannie Mae’s REO properties.

This Guide covers the standard requirements for managing, listing, and selling Fannie Mae properties. It is updated periodically, and important policy or procedural changes are announced as they occur via communications from the Fannie Mae Vendor Desk. When using this Guide, it is important to review any procedural change communications issued since the last Guide update.

Organization of the REO Sales Guide

The Guide is organized into major sections containing related subsections. The subsections make it quick and easy for you to find specific information. The order of the sections leads you logically through Fannie Mae’s REO process.

**Home Equity Conversion Mortgage (HECM)**

Review this Guide carefully for the HECM icon 🏡 which indicates a special action that differs from the management of non-HECM Fannie Mae REO. Where HECM processes differ from non-HECM REO sales, this Guide presents the icon and purple text as a visual indicator.

All HECM assets are managed in Equator. If instructed to contact Fannie Mae, contact your Fannie Mae Asset Manager. You are expected to follow this REO Sales Guide and all applicable HECM guidelines as directed by Fannie Mae. Equator will provide the HECM Marketable time period phase when HECM guidelines apply. Contact your Fannie Mae Asset Manager if you have any questions.

**HUD Marketable Time Period Phase**

Review the property header in Equator for confirmation of the HUD Marketable Time Period phase for each assignment and confirmation as to whether the REO Sales Guide applies or HECM Guidelines should be followed. The phases are generally categorized as the Pre-6 Month Marketable Title Period (Pre-6MMTP) or the Post-6 Month Marketable Title Period (Post-6MMTP).

Throughout this guide, when working on a HECM assignment disregard any reference to First Look.
Sales Guide Organization

The material in the Guide is organized into the sections briefly summarized below.

**Section 1** provides specific information about Fannie Mae acquired properties, servicer responsibilities, determining occupancy of assigned properties, and property assignments.

**Section 2** deals with assessing and maintaining the condition of the property, using Field Services and other vendors for initial and ongoing property maintenance, and completing Broker Sign-Off Requests.

**Section 3** leads you through handling properties with environmental and other special issues.

**Section 4** guides you through valuing a Fannie Mae Property, completing a Broker Price Opinion, suggesting a marketing strategy, and describes how Fannie Mae determines the property’s list price.

**Section 5** explains the Fannie Mae reimbursement process.

**Section 6** provides the procedures for managing bids and property repairs.

**Section 7** leads you through marketing and listing the property, including monitoring the listing through the Monthly Marketing Status Report.

**Section 8** explains how to manage offers and execute contracts on the property.

**Section 9** guides you in closing the sale.

**Section 10** outlines Fannie Mae’s record keeping and quality control processes.

**Section 11** contains definitions, acronyms, and a glossary of terms.

**Section 12** contains hyperlinks to additional resources such as forms, job aids, and quick reference guides as well as HomePath® materials.
Amendments to the Guide

Fannie Mae reserves the right to alter or waive any of the requirements in the Guide, to impose other additional requirements, and to rescind or amend any and all material set forth herein.

Tips

The following tips will help make the Guide a valuable resource and reference tool:

- Read through the manual from start to finish familiarizing yourself with the information it contains.
- Keep the Guide readily available as a reference tool.
- Use the Introduction and Overview sections of the Guide to understand Fannie Mae’s Critical Functions and key metrics as they relate to successful transactions. It is important that you realize how critical your role is to Fannie Mae’s business.
- Strictly adhere to all Fannie Mae processes and procedures to ensure smooth transactions.
- Ensure you are using the most current version of the Guide available.
- Note that unless otherwise specified, all days referenced are calendar days rather than business days.
Equator Platform

Fannie Mae’s REO assets, including Auction and Pool Sales, are managed on the Equator platform. You will notice a variance between the timelines mentioned in this Guide and the task due dates in Equator. Our expectation is that you still abide by the Fannie Mae guidelines and timeframes set forth in this manual.

Fannie Mae requires that your company obtain logon credentials for accessing Fannie Mae’s REO assets managed on Equator. Access by unauthorized persons to Fannie Mae files on Equator is not allowed. Secure your Equator logon credentials and do not share them with anyone outside of your company.

_Equator Screenshots and task names are the exclusive property of Equator, LLC and used herein under limited license for Fannie Mae training purposes only. Any distribution, reproduction, derivative, description or account of the screenshots is expressly prohibited without the express written consent of Equator, LLC ©2017 Equator, LLC. All rights reserved_

Changing Your Equator Profile Information

Agents should regularly review their Equator profile to ensure the information is accurate (street/email addresses, phone, broker/business name, etc.). Should inaccuracies be noted, do not change your profile information directly in Equator before contacting Fannie Mae. Doing so may cause errors in our systems integration which could trigger you and your account to no longer be recognized as Fannie Mae preferred. This can lead to your account becoming ineligible for additional assignments.

At any time if you have questions about your profile or need to change or update your Equator information, contact Fannie Mae immediately by sending an email to the agent_update@fanniemae.com mailbox. Once your inquiry is received, Fannie Mae will review the request and advise you on next steps so that all systems are correctly updated.

Equator Tasking

_The specific task names in Equator are highlighted in green text for easy recognition._

It is recommended that you also review a section as you encounter a corresponding function. For example, when you have an offer, review the “Managing Offers and Executing Contracts” section before submission.

Also, within Equator are Task Guidelines which should be reviewed prior to completion of the referenced task.
Equator Library

The Equator Library contains job aids to assist with the performance of specific tasks. Additionally, two documents that include multiple hyperlinks to documents that are widely used are also available in the Equator Property Library under Lender Files. This will eliminate search time for documents and reduce the volume of documents within the main Equator library.

In the Property Library under Lender Files, there is a hyperlink to the REO Sales Guide as well as two documents with hyperlinks to the following resources:

- **Listing Agent Resources Directory**: This file contains links to the documents that assist in the management of Fannie Mae REO properties:
  - Pre-Listing Resources (Door Hanger notices, Knowing Your Options flyers, etc.)
  - Repair Resources (Whirlpool Order Form, Whirlpool Return Form, etc.)
  - Sales Resources (Fannie Mae Residential Real Estate Purchase And Sale Contract, Contract Amendment, etc.)
  - Field Services Resources (Quick Reference Guides, Assignment Map, etc.)
  - Reimbursement Resources (Equator Expense Classification Index for Listing Agent Reimbursement and Expense Warnings for Agents)

- **Equator Training Materials Directory**: This file contains links to all the Equator Agent and Vendor job aids.

Overview of Fannie Mae’s Real Estate Owned Business

This section provides a high-level overview of Fannie Mae’s REO business. Reading this section is important for understanding how to work with Fannie Mae.

Overview of Fannie Mae’s Property Disposition Process

Fannie Mae uses four major processes in the disposition of REO properties:

<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>Fannie Mae gains title to the property.</td>
</tr>
<tr>
<td>Valuation</td>
<td>Fannie Mae determines the property value and establishes a marketing strategy which may include making repairs to the property.</td>
</tr>
<tr>
<td>Property Maintenance</td>
<td>This process includes initial and on-going property maintenance to ensure the property is market-ready and secure.</td>
</tr>
<tr>
<td>Disposition</td>
<td>Fannie Mae may sell or rent the property.</td>
</tr>
</tbody>
</table>

These four processes are executed in an interrelated fashion to meet Fannie Mae’s goals. Each of these processes entails a series of underlying policies and procedures for implementation. This Guide leads you in learning, understanding, implementing and managing the details involved in each process.

Introduction to Property Disposition Channels

Fannie Mae uses various property disposition channels, depending upon the property, its unique circumstances, and/or its alignment with Fannie Mae’s corporate goals.

<table>
<thead>
<tr>
<th>Channel</th>
<th>Disposition Alternative</th>
<th>Overview of Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales</td>
<td>Retail (traditional REO)</td>
<td>Properties are managed by Fannie Mae Asset Managers and assigned to a listing agent from within Fannie Mae’s network.</td>
</tr>
<tr>
<td>Alternative Disposition</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Overview of Strategy

<table>
<thead>
<tr>
<th>Channel</th>
<th>Disposition Alternative</th>
<th>Overview of Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offers marketing channels to ensure compliance with tenant protection laws and help stabilize neighborhoods to minimize loss severity and manage inventory levels.</td>
<td>Auctions</td>
<td>Fannie Mae analyzes and selects properties from inventory to sell at auction. A pre-auction marketing period helps create greater offer activity and urgency, and then participate in ballroom auction events, and on-site and online auctions. The listing agent typically plays a continuing role prior to auction.</td>
</tr>
</tbody>
</table>
| These help Fannie Mae sell homes in a timely manner, comply with tenant protection laws, and minimize the impact on communities. | Rentals | The rental strategy includes two primary initiatives, Tenant-in-Place and Deed-for-Lease™.  
- Tenant-in-Place occurs when Fannie Mae rents REO properties to existing tenants present at the time of foreclosure. Tenants may sign a new Fannie Mae lease, or remain under their pre-existing lease, pursuant to the Protecting Tenants at Foreclosure Act.  
- Using a Deed-for-Lease™, Fannie Mae leases the property back to the borrower, or the borrower’s tenants, after accepting a deed-in-lieu of foreclosure. Fannie Mae reserves the right to market these properties while occupied. |
| | Pool Sales | Pools sales (also known as bulk sales) consist of the sale of multiple properties in a single transaction. Pool investors must meet Fannie Mae requirements including disposition strategies that support neighborhood stabilization. Fannie Mae analyzes and selects properties from inventory to sell in a pool transaction. A pool presale marketing period typically occurs before a property is included in a pool transaction. The listing agent typically plays a continuing role prior to the pool sale. |
| | Public Entity Sales | Public entities, and designated partners of public entities, often purchase individual REO properties or may negotiate a pool sale for multiple properties in designated jurisdictions for neighborhood stabilization purposes. The listing agent typically plays a continuing role prior to the sale of the property. |
Matrix of Fannie Mae’s Business Relationships and Responsibilities

The table below identifies the major parties in Fannie Mae REO transactions and briefly describes their roles and responsibilities in property disposal.

Table 2: Fannie Mae Business Relationships Matrix

<table>
<thead>
<tr>
<th>Title</th>
<th>Role / Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense Analyst (Fannie Mae)</td>
<td>Processes reimbursement requests and monitors them for completeness and accuracy.</td>
</tr>
<tr>
<td>Appraiser</td>
<td>Independent Fee Appraiser determines the property value and sends report to Fannie Mae for use in establishing a marketing strategy, and a list price for the property.</td>
</tr>
<tr>
<td>Asset Recovery Analyst (Fannie Mae)</td>
<td>Works as a Fannie Mae liaison in occupant and/or eviction processes so that Fannie Mae’s marketing and sales processes proceed as quickly and smoothly as possible. Coordinates with the appropriate Fannie Mae internal departments to guide transaction decisions.</td>
</tr>
<tr>
<td>Attorney (Fannie Mae)</td>
<td>Specializes in real estate and corporate law. Provides primary legal support in Fannie Mae’s property eviction processes, closings, etc.</td>
</tr>
<tr>
<td>Auction Company</td>
<td>Specialize in auctioning real estate by way of ballroom events, on site, and online venues. Generate buyers for properties that have not been sold within retail sales.</td>
</tr>
<tr>
<td>Auction Sales Representative</td>
<td>Fannie Mae representative responsible for the effective management of auction sales through approved auction companies.</td>
</tr>
<tr>
<td>Listing Agent (Broker)</td>
<td>Authorized by broker to work on its behalf to effectively dispose of properties. Complies with and ensures agent compliance with all Fannie Mae policies, procedures, critical functions, key metrics, special corporate initiatives, and processes when selling REO properties by governing the actions of the agents whose licenses are held to ensure compliance with all laws and regulations. Makes sure the Fannie Mae REO property is properly maintained, appropriately marketed and sold in a timely manner with a favorable net return. Ensures that the HomePath® Online Offers system is utilized, and all offers received via Online Offers are submitted within 1 day of receipt of a complete offer. Monitors own Accounting Department for compliance in submitting bills for reimbursable items within the time limits. Oversees all offers/contracts submitted for response.</td>
</tr>
<tr>
<td>Title</td>
<td>Role / Responsibilities</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Field Services Vendor/Company</td>
<td>Hired by Fannie Mae to provide specified property maintenance and/or repair functions at REO properties.  Are available on a state-specific basis and must be used wherever available to perform initial preservation and maintenance services, including initial cleaning, debris removal, and yard care.</td>
</tr>
<tr>
<td>Pool Sale Transaction Manager</td>
<td>Fannie Mae representative responsible for effective management of pool sale or other forms of negotiated transactions for the sale of REO properties.</td>
</tr>
<tr>
<td>Property Management Company</td>
<td>Manage leases for eligible tenants who lease an REO property.  Execute REO rental strategies, including Tenant-in-Place and Deed-for-Lease™.  Manage properties in the REO rental portfolio.  Evaluate occupant lease options.</td>
</tr>
<tr>
<td>Public Entity Sales Representative</td>
<td>Fannie Mae representative responsible for the effective management of REO sales funded by public entities.</td>
</tr>
<tr>
<td>Rental Analyst (Fannie Mae)</td>
<td>Works as Fannie Mae liaison for Property Management Company working with tenant-occupied property.  Coordinates with the appropriate Fannie Mae internal departments to guide the tenant and leasing process.</td>
</tr>
<tr>
<td>Repair Vendors (Agent Selected)</td>
<td>Bid for Fannie Mae property repair work when SAM vendors or other Fannie Mae approved vendors are not available to do the work.</td>
</tr>
<tr>
<td>Asset Manager</td>
<td>Fannie Mae representative responsible for the effective management and disposition of REO properties.  Works with Fannie Mae’s eviction specialist, listing brokers/listing agents to help them sell REO properties.  Answers questions, concerns, and assists parties in resolving REO property issues according to Fannie Mae procedures and processes.</td>
</tr>
<tr>
<td>Service Agreement Market Vendor (SAM) - System selected Repair company</td>
<td>Fannie Mae-approved vendors that work in selected states to make Fannie Mae property repairs utilizing pre-negotiated pricing.  In Equator, a SAM Repair Company will be assigned to the work based on the repair item, vendor coverage area, and capacity.</td>
</tr>
</tbody>
</table>
Core Performance Expectations

Fannie Mae has established core performance expectations for vendors. Core performance expectations ensure Fannie Mae achieves its corporate goals.

Table 3 provides an overview of listing agent required supporting activities. These activities help you comply with Fannie Mae’s Core Expectations.

**Table 3: Core Performance Supporting Activities**

<table>
<thead>
<tr>
<th>Manage performance</th>
<th>Act professionally</th>
<th>Practice operational discipline</th>
<th>Demonstrate compliance</th>
<th>Support Fannie Mae corporate initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve goals</td>
<td>Deliver superior customer service</td>
<td>Follow established policies and processes</td>
<td>Fannie Mae policies and procedures</td>
<td>Support First Look™</td>
</tr>
<tr>
<td>Embrace performance comparisons</td>
<td>Respond to selling agent and customer inquiries in a timely manner</td>
<td>Comply with contract terms</td>
<td>Laws and regulations</td>
<td>Support HomePath Rental strategy</td>
</tr>
<tr>
<td>Participate in regular calls with Asset Manager</td>
<td>Support the exchange of data with all relevant parties</td>
<td>Manage broker /agent interactions effectively</td>
<td>Report fraud through <a href="https://fims.secure.force.com/MortgageFraudReport/">https://fims.secure.force.com/MortgageFraudReport/</a> or by calling 1-800-2FANNIE (1-800-232-6643)</td>
<td>Support Public Entity programs</td>
</tr>
</tbody>
</table>

**Fannie Mae Listing Agent Accountability Statement**

- Fannie Mae expects listing agents to be accountable for their decisions, actions and performance when acting as an agent for Fannie Mae. This includes the expectation that you are obtaining competitive pricing for services and repairs contracted for on behalf of Fannie Mae.
- Fannie Mae makes coaching and remediation, probation and termination decisions based on many factors including, but not limited to, monthly scorecard results, adherence to the REO Sales Guide and other factors as determined by Fannie Mae management.
- Final accountability decisions are at the sole discretion of Fannie Mae as described in the Master Listing Agreement.
Real Estate Business Portal

Real Estate Business Portal is a site dedicated to providing vendors with all the business content resources in a single location that's easy to navigate, easy to manage, and even easier to understand. The resources provided on the pages are general resources for Fannie Mae REO properties. Vendors use Fannie Mae credentials to access pages available based on the vendor’s role.

BUSINESS PORTAL FEATURES

• **Direct Access** – Visibility to all the most recent guides, training materials, announcements and much more.

• **Fannie Mae Insights** – Featuring blog write ups from Fannie Mae partners, network metrics and before and after pictures of some of our properties.

• **Ask Me!** – Ability to send questions directly to Fannie Mae. The business unit point of contact will be engaged to answer questions that potentially will be included in the FAQs.

• **FAQs** – View answers to commonly asked questions for their business unit directly on the landing page.

• **Training** – All required training will be accessed from the Business Portal.

PREREQUISITE

Vendors must have Fannie Mae credentials to access Property Field Solutions Business Portal page. Questions about the portal can be sent to Real_Estate_Business_Portal@FannieMae.com. As a reminder, you can reference our Real Estate Business Portal job aid for assistance with accessing and navigating the portal.
Listing Agents
Managing and selling REO properties in a timely manner with a focus on maximizing value.

With 2019 in full swing, we are faced with the challenge of affordable housing for average to low earners residing in increasingly aggressively priced markets. We see this misfortune unfolding and fortunately we have the ability to make an impact. It's no secret we are favorably repairing properties across the country; however, less apparent is the motivation to leverage our platform to place owner occupants in forever homes.

In support of homeownership we provided over $4 billion in liquidity to the market last quarter. Each decision to make cosmetic, mechanical and structural improvements increases the possibility of owner occupancy and facilitates our vision to be America's most valued housing partner. A goal that can be realized through the consistently unmatched services provided by our valuable partners every day. It is because of our efforts to successfully market properties, negotiate effectively and provide quality repairs at reasonable rates that we continue to build on our already successful year.

Our initiative to install Nest thermostats, low flow toilets and energy efficient bulbs not only supports our duty to serve, it allows us to offer sustainable homes at affordable rates. Individually the impact is small but with aligned efforts the successes can be substantial. We will continue to strive to be a better partner, to be a better neighbor and offer solutions with positive effects on affordable housing supply. I challenge you to do the same; be the change and impact your circle of influence. Let’s gain on our momentum and commit to successfully impacting the availability of affordable housing that meets the needs of an increasingly diverse landscape.
Fannie Mae Listing Agents

You are expected to consistently and accurately follow both the letter and spirit of all corporate policies. Fannie Mae expects listing agents to:

- Represent Fannie Mae appropriately and professionally
- Comply with the letter and spirit of all policies
- Manage performance
- Support Fannie Mae’s corporate initiatives

Fannie Mae takes this position seriously. Confirmed reports of brokers or agents not complying with Fannie Mae’s policies and procedures, or acting in an unlawful manner, may result in termination. You are expected to be well-versed in the local, state, and federal laws relating to real estate matters, as well as any programs that Fannie Mae offers.

Fannie Mae expects you to create a balance between actively marketing and positioning the property to sell at a price that best preserves the property values and minimizes Fannie Mae’s credit losses. Agents achieve that balance by understanding Fannie Mae’s policies and procedures and by working toward Fannie Mae’s guiding principles.

When Fannie Mae receives documented reports from Asset Managers, Sales Managers, Field Representatives or third parties that indicate inappropriate behavior; the reports are classified as infractions. These types of infractions include, but are not limited to:
Introduction

- Untimely Equator task completion
- Lack of adequate communications
- Unethical behaviors
- Non-compliance with the REO Sales Guide and/or Master Listing Agreement (MLA) or other directives from the Vendor Desk or REO Sales Team

Finally, Fannie Mae expects listing agents to adhere to the Core Expectations explained below.

Confidentiality

From time to time, you may receive information or Fannie Mae announcements for distribution to other real estate professionals, such as a notice about a sales incentive. However, if the announcement does not include authorization to distribute, then you are not permitted to post these messages to websites or other media.

Any information that an agent receives from anyone inside of the Fannie Mae Organization is meant for the addressee only and should be treated as confidential. Agents should not forward confidential information to anyone (including any outside contractor or vendor/SAM vendor) without prior authorization from the author. All offer information is confidential. Do not share the details of offers with anyone. Upon closing, the sale information should be entered into the Multiple Listing Service (MLS). The information for the closed sale is then a matter of public record. Unauthorized forwarding of confidential information is a direct violation of Fannie Mae policy and could result in termination from our agent network.

You are not permitted to produce materials (flyers, videos, and other media) for distribution that purport to be training or instruction based on the Fannie Mae REO Sales Guide or HomePath information. This prohibition includes training classes where Fannie Mae processes and procedures are presented to the public or to agents outside of your company. You are permitted to direct agents to HomePath.com and to the training materials made available by Fannie Mae.

You must use caution when communications involve Fannie Mae to avoid a breach in confidentiality. When contacted by media, you are not authorized to speak on behalf of Fannie Mae. If you are approached by a reporter or other media representative, notify your Asset Manager and provide the name and contact information of the inquiring party. The Fannie Mae media relations department will be notified.

You are not permitted to add the Fannie Mae logo to any materials, business cards, V-signatures, or presentations.

HomePath® Social Media & Branding Guidance

To support our listing agents’ marketing activities in social media such as Facebook, Twitter, and YouTube; we have prepared guidelines to ensure compliance with HomePath policies and procedures. We encourage you to promote HomePath listings via social media, but please take care to note the Social Media and Branding Guidelines in the Section 12: Resources.

You are not permitted to add your company logos or alter any Fannie Mae forms for purposes of personalization or customization.
Comply with Procedures

Follow the policies and procedures provided in this Guide.

- Comply with all applicable laws and regulations.
- Communicate with Fannie Mae clearly by providing detailed Broker Price Opinions, and documenting details about all matters that affect the property.
- Notify the Fannie Mae Asset Manager immediately if you are unable to perform the assignment according to this Guide.
- Communicate via Equator messaging so details are captured in the system.

Disclosures

In compliance with state and local law, Listing Agents have a responsibility to disclose in writing any known existing issue(s) which could potentially impact a buyer's decision to purchase, even in those states where Fannie Mae is exempt from completing a property condition disclosure form. Information requiring disclosure may include, but is not limited to, property inspections/reports, environmental remediation and testing, governmental notices, and any other documents indicating issues relevant to the purchase and ownership of the property. Retain documented proof that the buyer received a copy of any disclosed information.

Fraud Prevention and Detection

Fannie Mae is committed to preventing fraud perpetrated by any party or parties involved in transactions associated with a Fannie Mae REO property. To provide the highest possible standards of business ethics and professional courtesy:

- Consistently and accurately follow both the letter and spirit of all Fannie Mae policies, procedures, functions, guidelines and philosophies.
- Comply with all applicable laws and regulations.

Be sure to immediately report any issues or activities that may lead to the detection of fraud by calling 1-800-2FANNIE (1-800-232-6643).

The following are examples of potential fraudulent activities. This is not an exhaustive list, but rather a reminder of some of the activities you are required to report:

- Potential conflicts of interest that do not have Fannie Mae's express prior written consent.
  - A listing broker or listing agent representing a related party (examples of related parties include family, equity ownership, debt or credit arrangements, or partnership affiliations).
  - A listing broker or listing agent permitting a related party to perform services or receive compensation of any kind in connection with their Fannie Mae-assigned properties.
  - A listing broker or listing agent acting under a power of attorney to execute sales documents on behalf of a buyer.
- Participating in flipping of Fannie Mae REO properties involving misrepresentations (including omission) of material facts such as property condition, value, parties to the transaction, occupancy, or terms of the transaction.


- Failure to submit all complete offers to Fannie Mae. Fannie Mae will monitor the HomePath Online Offers system to confirm compliance.
- Failure to disclose known or suspected misrepresentations by buyers or their agents, including the intent to occupy the property to avoid First Look™ restrictions or failure to notify Fannie Mae following closing if you discover that the terms of the Owner Occupant Certification were violated. A request for a hardship waiver must be directed to fanniemae_firstlook@fanniemae.com along with any supporting documentation. Granting the waiver will be at the sole discretion of Fannie Mae.
- Misrepresenting available options for tenants as outlined in the Knowing Your Options (KYO) flyer.
- Manufacturing false offer activity or exaggerating property condition in an attempt to support a lower value or price.
- Altering or modifying documents after execution by the buyer or seller.
- Entering false or misleading information into the MLS regarding the status of a listing.
- Paying bribes to Fannie Mae employees for property assignments.
- Invoicing Fannie Mae for services not rendered at the time of invoice submission or indicating completion when not complete.

First Look does not apply but the terms of the Owner Occupant Certification (OOC) do apply for owner occupants.

You are expected to be well-versed in the local, state, and federal laws relating to real estate matters, as well as any programs that Fannie Mae offers. Not complying with Fannie Mae's policies and procedures, or acting in an unlawful or unethical manner, may result in termination of your Master Listing Agreement with Fannie Mae and potential administrative, civil, or criminal prosecution.

Fannie Mae offers a variety of resources to help detect and prevent mortgage fraud. Additional material can be found on the National Association of Realtors® site (www.realtor.org). Contact the Fannie Mae Asset Manager with any questions. You may also report suspicious or fraudulent activity by accessing the Fannie Mae Suspected Mortgage Fraud Report at https://fims.secure.force.com/MortgageFraudReport/.

In the event that you have information concerning possible mortgage fraud:

- Report the information to your local real estate board or state licensing authority.
- Contact Fannie Mae at 1-800-2FANNIE (1-800-232-6643) or https://fims.secure.force.com/MortgageFraudReport/.

**Determine Accurate Value**

To achieve Fannie Mae’s goal of obtaining maximum value while minimizing the impact on communities, it is critical to accurately submit your Broker Price Opinion (BPO).

- Provide an accurate BPO on each of your assigned properties.
Introduction

- Prepare the value using comparable properties for the neighborhood in which your assignment is located.
- When assigning value, also consider foreclosure/REO listings and sales, if they are prevalent in the neighborhood.
- Reconcile the As-Is and As-Repaired values that reflect what you forecast the property to sell for within a 90- to 120-day maximum.

Effectively Manage Properties

Follow all guidelines to make sure properties are well maintained and attractive to buyers.

- Inspect the property within one day of assignment.
- Consistently maintain the properties according to the processes provided in the Guide.
- Ensure all services and repair work meets Fannie Mae’s standards and timelines.
- Inspect all assigned properties weekly and provide complete detailed Monthly Marketing Reports.

Present All Complete Offers

Fannie Mae expects you to obtain the best possible offer on each property. All submitted offers made on a property must be in writing on the required contract forms with required Fannie Mae addenda.

- Follow all timelines to ensure the property is marketable and that it is listed in MLS within one day of receipt of the Listing Supplement.
- Maximize the property’s exposure by using marketing tools such as flyers, open houses, local advertising, and other means.
- Cooperate and provide access to agents that may not have access to the Primary MLS electronic lock box.
- Minimize contract fall-through and aged properties to the best of your ability.
- All complete offers must be retrieved from the HomePath Online Offers system and submitted to Fannie Mae within one day of receipt of the required contract forms and addenda. It is important to understand that the Online Offer system does not communicate with the Fannie Mae systems. Your role has not changed regarding your obligation to enter all complete offers into the Fannie Mae system, including in-house offers.

HomePath Pro Critical Functions

The Fannie Mae REO sales process is built with a focus on eight Critical Functions where real estate agents add the greatest value to the REO Sales process. These Critical Functions serve as the foundation for achieving success in working with Fannie Mae.

Critical Function #1: Accept Assignment
Fannie Mae believes agent selection is crucial to successfully disposing of Fannie Mae REO properties. Fannie Mae strives to balance inventory among all active agents while considering individual performance, proximity, capacity, experience, diversity and qualifications.

Agents are responsible for accepting or rejecting a listing within one day of the assignment. When you receive an assignment, you should review the listing information and consider whether it is in your ability to adequately manage and market the property. All Fannie Mae assets must be listed in the appropriate MLS. Fannie Mae requires your office to be in compliance with state and local licensing laws. It is at Fannie Mae’s sole discretion to determine the suitability of the physical location and office organizational structure for the purpose of listing and marketing Fannie Mae properties.

Associated Tasks:
- Confirm area of coverage
- Accept/reject listing

Critical Function #2: Complete Initial Property Activities

When you receive an REO property assignment, Fannie Mae relies on the agent to visit the property to perform initial inspections, determine the occupancy, and secure the property. Agents must enable access to the property for seller’s appraisers, inspectors, engineers, contractors, servicers, and hazard and mortgage insurance (MI) company representatives. It is also your responsibility to ensure that the Field Services Company completes the initial services in accordance with Fannie Mae’s expectations, and that the property is in market-ready condition following the completion of initial services.

Associated Tasks:
- Perform initial inspection
- Post KYO/door hanger notice
- Determine occupancy
- Secure property
- Confirm initial services

Critical Function #3: Assess Value

To achieve Fannie Mae’s goal of obtaining maximum value while minimizing the impact on communities, it is critical that you submit an accurate BPO. Fannie Mae relies upon the listing agent’s expertise to develop a marketing strategy for each property. Agents must be sure to access all available sources to identify the best comparables based on proximity, date, and condition. Fannie Mae relies heavily on your BPO and market knowledge to make sure the property is listed at the best price for selling it in reasonable time.

Associated Tasks:
- Initial BPO
Critical Function #4: Prepare the Property

Agents must prepare to market the property to its best advantage to help buyers envision themselves as the new owners, encourage higher offers, and give the property competitive leverage. Fannie Mae expects a multi-faceted approach to marketing a property. Your property must always appear market-ready by having the best possible curb appeal and presenting the interior in a condition that is appealing to prospective purchasers. Properties should be as welcoming as possible. Staging sets the scene to create immediate buyer interest. View the property through the buyer’s eyes. Use your observations to focus on and correct those issues that create negative impressions.

Associated Tasks:
- Repairs/remediation
- Field Services packages
- Utilities
- Property inspections

Critical Function #5: List and Market

Fannie Mae expects its properties to be listed in a professional and informative manner. Agents must place HomePath signage on the property (if allowed), place HomePath marketing materials in the property, list the property in your local MLS, and provide photos and marketing descriptions for HomePath.com. Advertise your properties thoroughly and thoughtfully to obtain fair market value and timely dispositions.

Associated Tasks:
- Photos/marketing description
- MLS
- Marketing materials
- Monthly marketing reports
- Maintain property

Critical Function #6: Manage Offers

Managing the offer process utilizing the HomePath Online Offers system is vital to successfully executing each assignment. Skillful negotiations accomplish a timely sale at a price that best preserves property values and maximizes Fannie Mae’s proceeds. Timely and effective communication with all parties is critical.

Associated Tasks:
- Online offer
- Multiple offer handling
Critical Function #7: Manage Contracts

Executing a contract package requires minute attention to detail, completeness, and accuracy to ensure a smooth closing on the property. Your contract package must meet Fannie Mae's requirements. Check over your contract package very carefully before you submit it to avoid unnecessary delays in proceeding with the sale.

An accurate Residential Real Estate Purchase And Sale Contract and associated documents limit Fannie Mae’s exposure to risk and ensure the property closes per agreed terms. The following Fannie Mae forms are also required, when applicable:

- Waiver and Release Form executed at closing
- Tax Proration Form executed upon closing
- Owner Occupant Certification
- Fannie Mae Lead-Based Paint Disclosure (If home is built prior to 1978)
- State-required addenda
- Fannie Mae Neighborhood Stabilization Program (NSP) supplement
- Fannie Mae Amendment to modify a fully-executed contract
- Fannie Mae termination form when a property must return to the market after having a fully-executed contract in place

The Residential Real Estate Purchase And Sale Contract and other forms must meet the following criteria:

- Completeness
- Legibility
- Appropriate execution by all parties
- Contain “Pursuant to” language in the contract
- Show the correct property address which matches the system address and accurate legal description
- Include the correct purchaser names
- Match the Equator offer screen
- Indicate the exact dollar amount, limited to a defined amount, for total closing costs or repairs
- Show no changes or strikethroughs on the pre-printed portion of the contract

Associated Tasks:

- Contracts
- Amendments
Critical Function #8: Facilitate Timely Closing

Early preparation for closing saves everyone time and helps avoid potential delays or mishaps at the closing table. It is your responsibility to monitor the progress of the sale through to closing and to regularly report the status to your Fannie Mae Asset Manager.

Associated Tasks:

- HOA coordination
- Title documents
Key Metrics

When measuring the performance of vendors, the precise set of key metrics used for each type of vendor (i.e., listing agent, Field Services Company, etc.) differs based on the roles and responsibilities. The key metrics are important because they allow Fannie Mae to measure how well its vendors meet expectations. Achieving performance targets for each metric is mission critical.

Sales-Centric Key Metrics

Fannie Mae uses fourteen Key Qualitative and Quantitative Metrics for measuring REO sales performance in five categories:

- Compliance
- Quality
- Valuation
- Execution
- Efficiency

NOTE: For more detailed information, please review the Understanding Your HomePath Pro Scorecard document.

Monitoring Performance

While there is no single measurement to evaluate a vendor’s performance, Fannie Mae monitors the previously described qualitative and quantitative metrics that comprise your overall performance evaluation. Favorable performance may provide additional inventory opportunities for agents. Monitoring performance also includes, but is not limited to, the following:

- Adherence to the policies, procedures, Key Metrics, Critical Functions, and Core Expectations.
- Inspecting assigned properties for compliance with Fannie Mae marketing requirements, property condition, and your management of maintenance and repairs.

The Secret Shopper Program

The Secret Shopper Program was created to provide insight into how Fannie Mae agents are interacting with customers and adhering to the performance expectations communicated within this Guide. To do this effectively, Fannie Mae enlists the use of Secret Shoppers to directly contact agents/brokers and complete a detailed survey based on their exchanges.

Listing agents will receive email reports of the results from a shop of their company. Listing agents should review shop results to identify areas of success and/or needed improvement when the listing agent or representative within the brokerage is interacting with potential customers. Listing agents should work with their Fannie Mae Asset Manager to address ways for them to improve their future interactions as well as expand their knowledge base to accurately represent Fannie Mae to customers in a professional and timely manner.

Note: These Secret Shopper reports will be used as a single component of many when reviewing an agent’s overall performance in the sale of Fannie Mae-owned properties.
Areas Assessed by the Secret Shopper Program

Fannie Mae’s Secret Shoppers focus on six categories when they assess agent performance. Those categories are the agent’s website, response, professionalism, knowledge, follow-up and overall impression of interactions with the agent.

The expectations for each of these categories are clearly communicated to Fannie Mae listing agents in the REO Sales Guide, communications, and supplementary training materials. The specific responsibilities for each category are described below.

**Website**
- Assesses whether HomePath.com features quality photos of both the interior and exterior of the property.
  - Photos are clear and in focus.
  - Property appears well maintained.
  - Cabinet doors/drawers are closed.
  - Subject of photo features appealing aspects of the home.
- Main picture shows front of house/building.
- Assesses whether HomePath.com features quality marketing description.
  - At the minimum, description provides detailed/robust property information and is free of spelling/grammar errors.
- Timely completion of Equator tasking.

**Response**
Responds to phone and email inquiries within 24 hours.

**Professionalism**
- Presents professional tone in all communications.
- Introduces themselves to buyer’s agent.
- Asks about potential buyer’s needs.
- Listens and responds appropriately to questions.
- Asks buyers if they are already working with an agent.
- Asks buyers if they are pre-qualified for financing or have financing in place.
- Provides their contact information to the buyer’s agent.
Introduction

Knowledge
- Speaks knowledgeably about the property, provides details about the location and answers specific questions.
- Discusses First Look™ when a property is still under this designation.
- Shares information regarding special incentives for properties which are eligible.

Follow-Up
Discusses next steps in the real estate buying process, including such events as viewing the property or submitting an offer.

Overall Opinion
- Is upbeat and friendly, attempts to build a relationship with the caller.
- Is perceived as professional and knowledgeable.

If you have any questions pertaining to your results or the Secret Shopper Program, email secret_shopper@fanniemae.com.

Doing Business with Fannie Mae

Fannie Mae’s Corporate Procurement Office receives and processes applications from potential suppliers of real estate services. Fannie Mae values strong relationships with its suppliers and has an active program of inclusion for minorities, women, individuals with disabilities, and minority-, women-, and disabled-owned businesses.

Through competition between suppliers, Fannie Mae can best serve its business partners and communities. Fannie Mae strives to maintain relationships with suppliers of impeccable integrity and business practices who provide quality products and services for excellent value. Note: within your agent profile in Equator, you will have the opportunity to select whether you are HERA compliant and upload any diversity certifications you currently have.

Fannie Mae is subject to the Housing and Economic Recovery Act of 2008 and its regulations (together “HERA”) which require Fannie Mae to promote diversity and ensure the inclusion and utilization of minorities, women, individuals with disabilities, and minority-, women-, and disabled-owned businesses in all of Fannie Mae contracting activities.

Note: Registration and/or meeting Fannie Mae’s minimum supplier requirements DOES NOT guarantee your company will be selected to do business with Fannie Mae.
General Expectations

In addition to complying with the core performance expectations, critical functions, and metrics sections presented above, Fannie Mae expects the following from all vendors:

- High quality goods, services, procedures and processes
- Inclusion and utilization of minorities, women and individuals with disabilities, to the maximum extent possible at all levels of service
- Strategic differentiation in competitive price offerings
- Timely and accurate delivery of goods and services
- The highest possible standards of business ethics and professional courtesy
- Professional customer service
- Continuous improvement
- Receipt of information to assist with Fannie Mae HERA reporting requirements

Learn about diversity at Fannie Mae by visiting http://www.fanniemae.com/portal/suppliers/diverse-suppliers.html

Complying with the Master Listing Agreement (MLA)

Once Fannie Mae elects to do business with a broker, a Master Listing Agreement is executed by the owner or principal broker and Fannie Mae. The Master Listing Agreement is a single document that defines the relationship between Fannie Mae and the broker. The Master Listing Agreement may be amended for a particular property that may be included in a Pool Sale or other alternative disposition method. Fannie Mae requires an executed MLA on file before assigning an REO property to you.

Compliance Requirements

You are required to submit the following documentation through the Supply Broker/Agent Application task in Equator:

- Broker and agent license for each state where you have properties
- Proof of errors and omissions insurance
- Proof of general liability insurance
- Fannie Mae specific W-9
- HERA related documentation, if applicable
- Copy of current MLA
This task will trigger to you 10 days prior to the expiration of any dated documents.

**Note:** The Fannie Mae MLA terms may differ from the listing agreement used locally. You must alert all selling agents that Fannie Mae’s MLA terms apply. This will help avoid conflicts.

The designated broker is responsible for complying with all terms expressed in the MLA, the REO Sales Guide, and any announcements received from Fannie Mae regarding process changes. The designated broker is responsible for managing the business relationship; however, the designated broker may name an agent to serve as the primary contact. The identified agent must be approved by Fannie Mae and authorized by the broker to act on his/her behalf.

### Anti-Money Laundering (AML) Bank Secrecy Act (BSA)

Additionally, the broker is required to comply with applicable requirements of Fannie Mae’s Anti-Money Laundering (AML)/Bank Secrecy Act (BSA) Compliance Program, including, without limitation, completing training made available to the broker by Fannie Mae; promptly notifying Fannie Mae if the broker becomes aware of any transaction that violates applicable laws or any suspicious activity that may require the filing of a Suspicious Activity Report; providing related documentation; and cooperating with Fannie Mae and all government authorities in connection with any such transactions or activities. Notify your Asset Manager of any suspicious activity and send details to AML_compliance@fanniemae.com.

The transaction should proceed as usual unless directed otherwise. You should not perform further investigation or request additional documentation that is not a usual part of the transaction/closing process. However, you may be asked to provide information as requested by the AML team following the filing of the report.

### Fair Housing

Fannie Mae is committed to fair housing and complying with all applicable anti-discrimination laws.

All persons and companies acting on behalf of Fannie Mae should be aware of the Fair Housing Act, which prohibits discrimination against any person in the terms, conditions, or privileges of the sale or rental of a dwelling, or in the provision of services or facilities in connection with the sale or rental of a dwelling, as well as discrimination against any person in making available a residential real estate-related transaction, because of race, color, religion, sex, disability, familial status, or national origin.

Fannie Mae expects all persons and companies acting on its behalf, including contractors and brokers, and agents responsible for maintaining, repairing, marketing, or managing real estate owned by Fannie Mae, to comply with the fair housing laws. Fannie Mae will not condone any conduct by its employees or service providers that could give rise to a fair housing violation or any different treatment of properties owned by Fannie Mae because of the racial or ethnic composition of the neighborhood.
Communicating with Fannie Mae

Fannie Mae is committed to providing information and communication channels to the vendor network in a manner that is the most convenient for you. Fannie Mae provides the following system access and contacts to enable you to work efficiently.

### Table 4: Fannie Mae Resource Contact Information

<table>
<thead>
<tr>
<th>Issue</th>
<th>Resource Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned property comments, concerns, questions</td>
<td>Call or email your Asset Manager.</td>
</tr>
<tr>
<td>Accounts Payable/Billing Form 1093 Submissions</td>
<td>Contact your Asset Manager if you need assistance with the 1093 reimbursement process.</td>
</tr>
<tr>
<td>Accounts Payable/Expense Submissions</td>
<td>All expenses (including HECM expenses, if eligible) should be submitted in Equator through the Invoicing module. Contact your Asset Manager if you need assistance with expense reimbursement. For questions and inquiries, contact use the Inquiry Response Tool.</td>
</tr>
<tr>
<td>Environmental issues, emergencies or hazards</td>
<td>Contact your Asset Manager immediately.</td>
</tr>
<tr>
<td>Criminal activity</td>
<td>Contact your local law enforcement officials.</td>
</tr>
<tr>
<td>Other comments, concerns, questions</td>
<td>Email <a href="mailto:vendor_desk@fanniemae.com">vendor_desk@fanniemae.com</a>.</td>
</tr>
</tbody>
</table>

Comments in Tasks May Not Communicate Issues

Many tasks in Equator have a field for comments. It is important for you to know that comments do not trigger a subsequent task for the intended recipient and you may not receive a timely response. Common examples include the Weekly Occupancy Status task, Weekly Property Inspection task, and comments added to explain repair invoicing. Message the intended recipient(s) through Equator to ensure a response.

Submitting Files

Equator

You will be required to upload documents into certain tasks. When naming the file, include the REO ID as well as a brief description of what you are uploading. For example: D1321PL_KYO Posted
Section 1: Acquisition of Real Estate Owned Properties
Overview

Section 1: Acquisition of Real Estate Owned Properties explains how Fannie Mae acquires REO properties, how these properties are assigned, and the initial procedures to follow when you receive an assigned property to sell.

Acquired Properties

Fannie Mae acquires properties when the borrower is no longer able to make the mortgage payments and either foreclosure proceedings are complete, or a deed-in-lieu of foreclosure is accepted.

Mortgage Release (Previously Known as a Deed-in-Lieu)

A Mortgage Release, also called a “voluntary conveyance”, is executed when a borrower voluntarily transfers title of the property to Fannie Mae to satisfy the mortgage loan debt and avoid foreclosure. In most cases, properties that have been through a Mortgage Release are vacant when assigned.

Foreclosure

Foreclosure is a legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction, with the proceeds of the sale being applied to the mortgage debt.

Within 24 hours of foreclosure sale, the mortgage servicer submits a REOgram notifying Fannie Mae about the property sale. Receipt of the REOgram triggers Fannie Mae’s REO workflow process. One of the first steps of the workflow process is assigning the property to a listing agent.

Servicer Responsibilities

A mortgage servicer is responsible for managing borrower attempts to cure the default through Loss Mitigation Initiatives. If these efforts fail, the servicer initiates foreclosure proceedings on behalf of Fannie Mae.

During the foreclosure process, the servicer’s responsibilities include:

- Referring the case to a foreclosure attorney or Trustee as prescribed in the Fannie Mae Servicing Guidelines.
- Responding to borrower inquiries about the current or delinquent mortgage terms and explaining alternative actions available to cure the default.
- Making periodic property inspections to ensure:
  - The property’s physical condition is satisfactory.
  - There are no apparent hazardous conditions, such as the presence of hazardous wastes or toxic substances, affecting the property.
  - There are no visible violations of applicable laws that might result in property seizure or forfeiture.
  - Needed responsive actions on the property are determined and initiated.
Section 1: Acquisition of Real Estate Owned Properties

- Paying hazard insurance premiums, Homeowner’s Association (HOA) dues, Co-op fees, real property taxes, and municipal liens on properties until the sale closes unless payment through a third party is arranged by Fannie Mae.

**Note:** It is essential that you communicate with the HOA/Tax Company Vendor about property status issues on assigned properties, such as HOA demands and delinquent taxes, which are not reimbursable costs to an agent. See Section 2: Maintenance and Utilities for the process to pay delinquent utility bills and municipal liens.

The foreclosure attorney may also assist you with property descriptions and property title issues.

**Note:** As the listing agent, Fannie Mae requires you to check on the status of your assigned property’s title within the first 30 days of listing it. Work with the Fannie Mae Asset Manager and/or the closing representative to make sure Fannie Mae either has clear title to each of your assigned REO properties or is working to obtain clear title. Cooperate with these professionals when requested to facilitate clearing title issues. In Equator, title is ordered when the initial agent assignment task is completed. You will receive a message in Equator when title is ordered which will include the vendor’s contact information. Subsequently, you will receive an Equator message titled “Title information for (address) (REO ID)” which will provide the legal description. Confirm that legal description matches the property you received and valued. Report discrepancies immediately to the Asset Manager.

**Property Types**

The types of properties Fannie Mae acquires as REO are directly related to the types of mortgages purchased or securitized. The properties that are the subject of this Guide are typically secured by mortgages on 1-4 family properties. Refer to Table 5 for property types and their respective definitions.

**Requesting Authorization Letters**

If you need a Fannie Mae authorization letter to set up utilities, gain access from an HOA, or obtain permits, complete the appropriate authorization letter template that is sent to you following the acceptance of the assignment with all required information. See Section 12: Resources for the templates. Save these in a convenient place on your computer and complete the following steps:

1. Message your Asset Manager in Equator and attach a copy of the completed authorization letter, explaining the reason the letter is needed. An electronic copy of the letter will be messaged back to you in Equator.
2. If the authorization is for permits for a contractor, complete the form with the contractor information.
3. In the Equator message, include whether an original is necessary and/or notarization required and provide the complete address where it should be sent.
4. Do not request these letters on all properties assigned to you. Request only if there is a specific need.

Unless you have been directed to connect utilities or arrange repairs requiring permits, do not request the authorization letters.
Table 5: Property Types

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Home 1 Unit</td>
<td>Attached or detached single-family dwelling designed or intended for occupancy by one person or by one family.</td>
</tr>
<tr>
<td>2-4 Family Property</td>
<td>A property that consists of a structure that provides living space (dwelling units) for two to four families, although ownership of the structure is evidenced by a single deed.</td>
</tr>
<tr>
<td>Condominium</td>
<td>A unit in a condo project. Each unit owner has title to his or her individual unit, an individual interest in the project’s common areas, and, in some cases, the exclusive use of certain limited common areas. Do not assume that all complexes are condominiums. Contact the HOA to determine if the organizational structure is as a condominium or PUD (which is considered a single family attached property type).</td>
</tr>
<tr>
<td>Co-op</td>
<td>Cooperative. A residential or mixed-use building wherein a corporation or trust holds title to the property and sells shares of stock representing the value of a single apartment unit to individuals who, in turn, receive a proprietary lease as evidence of title. See Co-op Properties Agent Guidelines in the Listing Agents Form and Resources list in the Resources section.</td>
</tr>
<tr>
<td>Manufactured Home</td>
<td>Any dwelling unit built on a permanent chassis and attached to a permanent foundation system. The manufactured home must be built in compliance with the Federal Manufactured Home Construction and Safety Standards that were established in June 1976 (as amended and in force at the time the home is manufactured) and that appear in HUD regulations at 24 C.F.R. Part 3280. Compliance with these standards will be evidenced by the presence of a HUD Data plate that is affixed in a permanent manner near the main electrical panel or in another readily accessible and visible location. The manufactured home must be a one-unit dwelling that is legally classified as real property. The towing hitch, wheels, and axles must be removed, and the dwelling must assume the characteristics of site-built housing.</td>
</tr>
<tr>
<td>Land</td>
<td>Real Property absent the presence of improvements.</td>
</tr>
</tbody>
</table>

Occasionally, the borrower makes changes to the original structure, and as a result, the property type changes. Refer to public records, such as those found in local municipal offices, to confirm whether the property is in compliance with local zoning/code requirements. Notify the Fannie Mae Asset Manager.

If you encounter a condotel or vacant land when making your initial inspection, gather as much documentation about the property as possible, and contact the Fannie Mae Asset Manager for guidance. When marketed, these property types will not be eligible for conventional financing and other potential financing types. You must identify the property as a condotel in MLS remarks and specifically indicate in MLS that it is not eligible for conventional financing.

Ownership Types

Regardless of the type of property, Fannie Mae markets properties owned directly by Fannie Mae.
**Fannie Mae-Owned Property:** Whether by Mortgage Release (formerly known as deed-in-lieu) or foreclosure, Fannie Mae owns this property. These properties are referred to as Real Estate Owned (REO).

### Assigning an Agent to Manage REO Properties

When assigning an agent, the strategy is to choose a qualified agent with a proven track record of acceptable performance. Fannie Mae strives to balance inventory among all active agents with acceptable performance while considering the proximity, capacity, experience and qualifications.

The Master Listing Agreement prohibits brokers (and thereby those listing agents authorized to work on their behalf) from remitting a referral fee or other remuneration of any kind to any Fannie Mae employee or contractor in connection with the Master Listing Agreement.

In addition, Fannie Mae prohibits brokers from remitting a referral fee or providing other remuneration of any kind to any party in connection with the receipt of Fannie Mae property assignments. Brokers are also prohibited from soliciting or accepting referral fees or other remuneration of any kind in connection with the assignment of properties by Fannie Mae. By way of example, if Broker A is paying referral fees to Broker B in connection with the receipt of Fannie Mae property assignments, both brokers are in violation of these prohibitions. This example is not intended to describe all of the types of conduct that would violate the prohibitions or to limit in any way the scope of the prohibitions. Any broker violating these prohibitions will be subject to disciplinary action up to and including termination of the Master Listing Agreement.

### Receiving Property Assignments

The first critical function of a Fannie Mae agent is accepting assignments.

**Critical Function #1: Accept Assignment**

Agent selection is crucial to successfully disposing of Fannie Mae REO properties. Review listing information and consider whether it is in your ability to adequately manage and market the property. Only accept listings within your coverage area.

Initial property assignments are made via a Centralized Assignment Team. Contact the Fannie Mae Asset Manager with any questions regarding a specific assignment. You must be a member of the appropriate MLS. Should you or other agents affiliated with your company, or your immediate family or those of your agents have an interest in purchasing, decline the assignment.

You will receive an **Accept/Reject Listing** task. If you accept the assignment, select Accept (no other action needed). You will then receive two Equator Messages:

- One message will have the Listing Acceptance Letter attached.
- One message will have the three letter templates for use only if required for permits, utilities, or HOA if the Listing Acceptance Letter isn’t sufficient.

If you decide to reject the assignment, you must enter comments explaining why in the task.
Note: Upon acceptance of an assignment, whether it is an initial assignment or a transfer, confirm the property type, unit numbers, cities, states, and ZIP codes are accurate. Match the legal description of the foreclosure posting and deed to make sure that we are marketing the correct property. The legal description in the foreclosure action must be used to define or calculate any acreage. Contact the foreclosing attorney if you need assistance to confirm the legal description upon assignment. When assigned a condominium or co-operative, view the plat plan or other organizational documents to confirm that the unit location within the complex matches the unit number and address referenced in the foreclosure posting and deed. If you cannot locate the address of the property, or the address is different than what is in Equator, complete the Confirm Property Address (Agent) task for initial assignments or contact the Fannie Mae Asset Manager if that task has already been completed on the asset.

Do not post or take possession until all addresses are matched with the foreclosure legal description and the address in Equator is accurate. After the title is ordered, you will receive an Equator message titled “Title information for (address) (REO ID)” which will provide the legal description. Confirm that the legal description matches the property you received and valued. To message the assigned title company in Equator, select the Title Company role when adding a message.

Message the Asset Manager and provide the supporting information for an address discrepancy if the Confirm Property Address (Agent) task has already been completed. The Asset Manager will ad hoc the Request Property Address Edit (Sales) task to verify the address with the Asset Acquisitions team. The Asset Acquisitions team requires three (3) sources to verify an address change and cannot solely use the tax assessor record. Provide as much information as necessary for validation of an address change when you message the Asset Manager. These tips will expedite your request (supply all that are available):

- Indicate exactly what requires changing, such as “Change Zip Code from 75204 to 75254”
- Provide the E-911 Letter from the county or US Post Office that shows the previous address and current address when there’s been a total change in address
- Provide a copy of the foreclosure deed if the address or unit # is referenced
- Provide a copy of the Assessor’s Record or any applicable origination docs
- Provide a copy of the screenshot from the USPS with the correct address formatting if the address is incomplete on the assignment letter

If you cannot accept an assignment, select Reject in the Accept/Reject Listing task and enter comments explaining why. Reasons you cannot accept an assignment may include:

- If you have an existing relationship with any party related to the property (e.g., former borrower, the occupant, etc.), contact the Fannie Mae Asset Manager to disclose the nature and details of that relationship before proceeding to work the assignment.
- If you have a potential personal interest in purchasing the property as an agent, you must contact the Fannie Mae Asset Manager before proceeding to work the assignment. This also includes immediate family and all agents affiliated with the same brokerage.
- You are not a member of MLS.
Performing the Initial Inspection

Critical Function #2: Complete Initial Property Activities

When you receive an REO property assignment, Fannie Mae relies on the agent to visit the property to perform initial inspections, determine the occupancy, and secure the property. Agents must enable access to the property and ensure that the Field Services Company completes initial services. These steps are critical in ensuring a property is ready to go to market.

When you receive a REO property assignment, Fannie Mae requires that you visit the property to perform an initial visual inspection within one day of assignment and take date stamped photos. The initial inspection process is differentiated based on whether the property is in a Redemption/Confirmation state or a Non-Redemption/Confirmation state. It is essential that you follow the correct processes due to the legal rights of owners and tenants. Use due diligence to determine occupancy before re-keying the property. Do not send the locksmith to re-key unless you are present to determine the property is vacant and that re-key should be completed. If the property is subject to an HOA, contact the HOA to determine if there are any special instructions for marketing or maintaining the property.

You will only need to complete the re-key of a secondary door to assess any personal property remaining. The HECM Field Services Company will be tasked with re-keying the property once vacant.

Be sure to use reasonable judgment in dealing with risks related to physical damage to the property, including criminal activity and environmental concerns, such as toxic mold and hazardous substances. If criminal activity has occurred at any time, please contact your local law enforcement officials.

DO NOT enter the property if you believe that doing so will pose a health or safety risk.

Identify, report, and communicate property conditions, including any environmental issues or safety hazards to Fannie Mae and all other required parties. Report if a local ordinance requires a property owner to maintain a sidewalk, in whole or in part, as well as report any trip and other sidewalk safety hazards to Fannie Mae.
Familiarize yourself with the Field Services Checklist (http://www.homepath.com/content/pdf/vendorresources/agent_field_services/field-services-checklist.pdf) for some common hazards and proactively notify Field Services of these or any other issues requiring action by the Field Services Company. If the issue is outside of the Field Services Company scope, such as the repair of a privately-owned sidewalk, take immediate action based on estimated cost or ownership of the issue:

- If the repair is less than $500, obtain and submit a bid from a local contractor for pre-approval as outlined in the expense reimbursement guidelines.
- If the repair is $500 or more, ad hoc a Scope Repairs (Agent) task for bids.
- Notify the HOA, municipality, adjacent property owner, or utility provider if the responsibility to cure the issue is not that of Fannie Mae.

Restrict access and remove the lock box, if necessary. You may need to include a request to the Field Services Company to install caution tape, etc. as a hazard alert until the issue is resolved. Accommodate access if the lock box is removed.

All weekly inspections must include a thorough review of the interior and exterior. Reporting, following up, and curing issues timely is your responsibility. Date stamped photos are required for upload with task completion to document your inspection findings, which must include identified hazards and issues.

**QC Referral Process**

At the time of assignment, you may encounter situations that require notification to identify loans that may not have been eligible for purchase by Fannie Mae. In some cases, Fannie Mae may have the opportunity to require repurchase by the lender. The task to start the review process is Initiate QC.

The task will require you to select one of the following reasons for the QC review process:

- Certificate of Occupancy (Only if no Certificate of Occupancy is present at the time of origination)
- Commercial (Only if zoning was commercial at the time of origination)
- Condominium Hotel
- Encroachment
- Illegal Subdivision
- Incorrect Legal Description
- Insurance Loss
- Land Locked
- Manufactured Home without Title
- Manufactured Home Single Wide
- Manufactured Home-Age (Prior to June 1976)
- Prior Outstanding Lien
- Property Issue Prior to Foreclosure
- Property Lease Ineligible (Lease-hold Property)
- Property Lost at Tax Sale
Section 1: Acquisition of Real Estate Owned Properties

- Septic (System never present, not located on the property, or failed at time of origination)
- Title Chain (Break in Chain of Title)
- Vacant Land
- Water Well (Never present, not located on the property, or failed at time of origination)
- Other

If Condominium Hotel or Land Only property types are selected in any BPO task, the QC task will fire automatically once the Asset Manager approves the BPO. However, don’t wait until completion of the BPO to ad hoc the task and start the process.

When completing the Initiate QC task, upload supporting documentation and enter comments. Once you complete the task, it escalates to the Asset Manager for review. They will either accept the referral (which sends the item to the QC analyst) or reject it. You will be messaged if additional information is needed.

Note: There is no way for the Asset Manager to start the process in the system, so it may be ad hoc’d to you or you may be asked to ad hoc the task to yourself to start the process. If you have questions about this process, discuss with the Asset Manager before initiating the ad hoc.

Property Registration

Upon assignment, determine any requirements imposed by municipal, county, or state authorities for property registration. For HECM assets, a Property Registration task will fire upon acceptance of the initial listing. You will indicate if any registrations are needed. If there is truly a property registration needed on a property, yet something is preventing completion of it, you should complete the first question with Yes (property registration is needed), then answer No (registration has not been completed) on the second question. This will allow you to enter a follow-up date, and Equator will pause another Property Registration task until that date is reached. Example: property registration is needed once the asset is vacant, but it is currently occupied. For non-HECM assets, the Property Registration task will not fire due to the handling by the Property Registration team; however, you are able to ad hoc if you want to notify Fannie Mae of pending registration items.

Some ordinances require registration based on the property type, such as a 2-4 family property, while others require registration only if the property is vacant. Registration may be required upon foreclosure without regard to occupancy status or property type. Register the property and submit the cost for reimbursement according to the process set forth in Section 5: Listing Agent Reimbursement Process.

Should the requirement for registration include a pre-foreclosure registration, confirm that the property was registered by the mortgage servicer to avoid duplicate payments. Timely compliance is required to avoid penalties and fines. Should you receive an assignment as the result of a transfer from another agent or one under the current or previous control of a property management company, confirm that registration was completed. Contact the Code Compliance Specialist if you have any questions regarding the registration process.

In addition to the initial registration, the Code Compliance Vendor will file any required notices of change in ownership, including notices required in connection with the registration of the property. The Code Compliance Vendor will be held responsible for any fines, fees and penalties charged against Fannie Mae as a result of failure to file the required notice for REO properties.
All property registration requirements are the responsibility of the listing agent.

Note: The Maryland foreclosure attorney firms are responsible for the timely filing of both the initial and final registrations required under Maryland HB 1373. The Maryland agents are no longer responsible for this task. Any local or other municipal registrations will be filed as previously described above.

Redemption/Confirmation States

The right of redemption allows the previous owner to completely pay off the amount owed to the creditor to redeem title back from the foreclosure sale. Typically, the borrower must pay off the entire balance owed on the loan, plus any fees and costs incurred. During this timeframe, the previous borrower or current occupant is allowed to remain in the residence. Some states may have a confirmation process to perfect the foreclosure process and transfer title which may also delay possession and marketing. Typically, the Redemption/Confirmation period begins after the foreclosure sale. See Table 6: Redemption/Confirmation Periods by State to see the length of time redemption and confirmation lasts in each state.

Note: The states and/or timeframes shown in this chart are subject to change. If you believe it is out-of-date or in error, advise the Fannie Mae Asset Manager.

<table>
<thead>
<tr>
<th>State</th>
<th>Redemption/Confirmation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>Confirmation - 30 days</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Confirmation – 3 months</td>
</tr>
<tr>
<td>Illinois</td>
<td>Confirmation – 2 months</td>
</tr>
<tr>
<td>Kansas</td>
<td>Redemption – 3 months</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Confirmation – 4 months</td>
</tr>
<tr>
<td>Maryland</td>
<td>Ratification – 2 months</td>
</tr>
<tr>
<td>Michigan</td>
<td>Redemption – 6 months to 12 months depending on acreage and LTV</td>
</tr>
<tr>
<td>Minnesota</td>
<td>Redemption – 6 months to 12 months depending on acreage</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Confirmation – 2 months</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Redemption-10 days</td>
</tr>
<tr>
<td>North Dakota</td>
<td>Redemption – 6 months</td>
</tr>
<tr>
<td>Ohio</td>
<td>Confirmation – 4 months</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Confirmation – 1 month</td>
</tr>
<tr>
<td>Oregon</td>
<td>Redemption – 6 months</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>Confirmation – See Puerto Rico Confirmation Process in the Listing Agent Resources Directory</td>
</tr>
</tbody>
</table>

Table 6: Redemption/Confirmation Periods by State
Section 1: Acquisition of Real Estate Owned Properties

<table>
<thead>
<tr>
<th>State</th>
<th>Redemption/Confirmation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Carolina</td>
<td>Redemption – 1 month</td>
</tr>
<tr>
<td>South Dakota</td>
<td>Redemption – 6 months</td>
</tr>
<tr>
<td>Vermont</td>
<td>Confirmation – 6 months</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>Redemption – 6 months</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Confirmation – 1 month</td>
</tr>
<tr>
<td>Wyoming</td>
<td>Redemption – 4 months</td>
</tr>
</tbody>
</table>

Special Handling for Properties in Redemption/Confirmation

Redemption/confirmation states require an additional step in the marketing process.

When Fannie Mae acquires a property in a redemption/confirmation state, the property status in Equator will reflect the appropriate status until redemption or confirmation expires. Typically, during the redemption/confirmation timeframe, the property CANNOT be marketed. The status puts most of the sales activities on hold until the redemption/confirmation period expires.

During the redemption or confirmation period, you will complete an initial Provide Occupancy Status task. If occupied, you will be tasked with performing a Weekly Occupancy Status task every Monday. In some states, the redemption period may be shortened if an REO becomes vacant and abandoned. If this happens when there is no Weekly Occupancy Status task open, you may ad hoc the task to update occupancy status. Updating the occupancy status in Equator will assist the attorney in those states where there is a process to shorten redemption. If the property is vacant, you will be tasked to explain if the property is currently Marketed for Sale as well as if it’s being preserved. Question the owner’s listing agent to determine if the property is winterized or will be winterized. If there are no plans to winterize, select that option in the Marketed for Sale task. This will generate the Re-Key Secondary Door task which confirms you have gained access. This task will then order the assigned Field Services Company to winterize. If there is not a secondary door, this task applies to the primary door. On the primary door you should match the key currently in place so that both you and any occupants are able to access. This is especially crucial if there is personal property remaining that will need to be addressed after Redemption is expired.

Note: Your Re-Key Secondary Door task can now be paused if timely completion is not possible. If the task fires and the occupancy is other than vacant or occupied with personal property, do NOT complete the task. Message your Asset Manager with the details and timeframe for resolution and they will pause it for you. The task can only be paused for up to 30 days.
Checking Occupancy During Redemption/Confirmation

Complete the initial Provide Occupancy Status task. If occupied, you will be tasked with performing a Weekly Occupancy Status task every Monday if the property is vacant, complete the initial Provide Occupancy Status task as such. You will be tasked to explain if the property is currently Marketed for Sale, such as listed in MLS, signage present. Also note if the property is being preserved such as yard and interior maintained or utilities on.

Note: Do not discuss Fannie Mae options, such as Relocation Assistance (Cash for Keys) or rental options with any occupant and/or owner during the Redemption/ Confirmation period.

In Redemption/Confirmation States

Within one day of receiving the assignment task, complete the following tasks, regardless of presumed occupancy:

- Accept or Reject the listing by completing the task in Equator.
- Confirm the property address with municipal records based on the foreclosure legal description.
- Indicate if any registrations are needed in the Property Registration task. HECM only
- Determine the property type and then complete the Determine Units task.
- Do not report the property type or number of units in advance of going to the property.
- If you discover that your initial determination was incorrect:
  - Message your Asset Manager through Equator and state that the Determine Units task needs re-opened and the reason for the change.
- Post the Door Hanger Notice at the property, even if vacant. This door hanger requests the occupant to notify you regarding who occupies to determine early any issues associated with the occupancy status and condition of the property. The Door Hanger Notice is available in the Lender Files in Equator.
- Take a date-stamped photograph of the property. Be sure to show enough of the door to prove posting. This photo must be uploaded into the Verify Door Hanger task in Equator.
- Post and photograph the Door Hanger Notice prior to knocking on the door. Do not post until all address discrepancies are resolved. Do not trespass to post. Contact the Fannie Mae Asset Manager immediately about any issues relating to the address or posting.
- If the property is vacant, you will be tasked with Marketed for Sale in Equator. If the property is not listed, you will be tasked in Equator to re-key a back door or secondary door (if available) for the performance of property preservation measures, such as winterization or maintaining the sump pump, etc.
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- Post a notice that property was re-keyed and indicate name of agent to contact for access. If the property is listed for sale, you will indicate whether or not the property is being preserved and winterized. If not winterized, Contact the owner’s listing agent and request approval to access for winterization. Once you complete the Re-Key Secondary Door task in Equator, the Field Services Order will be sent to the vendor to complete exterior services only.

  All re-key tasks will be assigned accordingly, and all occupancy changes noted through weekly occupancy/inspection tasking.

- Drive by the property weekly and complete the weekly task in Equator that fires every Monday (Weekly Occupancy Status if occupied and Weekly Property Inspection if vacant). You can ad hoc the Weekly Occupancy Status task to update any occupancy changes. Message the Fannie Mae Asset Manager about any changes that need attention.

  Upon expiration of redemption/confirmation you will be tasked with posting the KYO flyer.

  Note: If not tasked to post the Door Hanger Notice, check to see if the property was acquired by Deed in Lieu, which bypasses the Redemption/Confirmation process.

Non-Redemption/Confirmation States or After Redemption/Confirmation Expiration

In those states that do not have a redemption or confirmation period, or upon expiration of the redemption/confirmation period, complete the following, even if the property appears vacant:

Note: Special Posting Requirements exist for properties in OR, MD, NJ and MA. Refer to the Lender Files in the Equator Library for forms and instructions.

Within one day of the assignment:

- Accept or Reject the listing by completing the task in Equator.
- Confirm the property address in Equator with municipal records.
- Indicate if any registrations are needed in the Property Registration task. HECM only
- Determine the property type and complete Determine Units.
- Do not report the property type or number of units in advance of going to the property.
- If you discover that your initial determination was incorrect, message the Asset Manager and request a re-opening of the Determine Units task.
- Take a date-stamped photograph of the property. Be sure to show enough of the door to prove posting. This photo will be required to complete the Verify KYO Flyer task in Equator.
- Post and photograph the KYO flyer prior to knocking on the door. Post any state specific notices, if directed.
- Do not post until all address discrepancies are resolved. Do not trespass to post. Contact the Fannie Mae Asset Manager immediately regarding issues related to the address or posting.

Within two days of the assignment:

- Complete the Provide Occupancy Status task in Equator.
Section 1: Acquisition of Real Estate Owned Properties

- Complete the **Weekly Occupancy Status** task:
  - Include occupant’s intentions and indicate if there has been no response to the posting.

**Note:** You will receive the Weekly Occupancy Status task every Monday until the property is reported as vacant.

### Determining Occupancy Status Type and Securing the Property

Once you have completed the initial property inspection process, you must report the occupancy type.

**Note:** It is your responsibility to ensure the property type, including unit numbers, is correctly entered into the Determine Units task.

Immediately alert the Fannie Mae Asset Manager to ensure any address discrepancies are corrected in all Fannie Mae systems. If you incorrectly complete the **Determine Units** task, you must contact your Asset Manager to have the task reopened. This section of the Guide prepares you for handling the different types of occupancy statuses:

- **Occupancy Status: Vacant**
- **Occupancy Status: Property is Occupied**
  - Owner (even if others also occupy who are not the owner including child, parent, spouse, or other relatives/heirs)
  - HECM occupancy will have additional selection types of Heir and Spouse
  - Tenant (non-owner/non-relative)
  - Occupied – Unknown
  - Personal Property

#### Occupancy Status: Vacant

A vacant property is one that has no occupants and no personal property remaining with a garage sale value of more than $500 ($700 in CA).

If a property is vacant upon initial inspection, you enter “Ready for vacancy confirmation” in the **Provide Occupancy Status** task.

#### Securing the Property and Starting the Pre-Marketing Process

Complete within two days of receiving the assignment the **Provide Occupancy Status** task in Equator.

You will be tasked to **Re-Key** the property in Equator. All door locks and keyed deadbolts on vacant properties must be re-keyed according to the Lock box and Re-Key section below. Consult the Fannie Mae Asset Manager if you believe the property should be secured by boarding windows or doors. Contact the Field Services Company to communicate your intent to replace windows or ad hoc the Request **Additional Services-Agent** task to order Clear Boarding.
Section 1: Acquisition of Real Estate Owned Properties

HECM properties are not Clear Boarded and traditional boarding will be performed by the assigned HECM Field Services Company.

Contact the Fannie Mae Asset Manager to determine whether or not to order structural, mechanical, environmental, termite, well, or septic inspections. Failure to obtain approval will result in Fannie Mae’s rejecting these expenses for reimbursement.

Install and maintain smoke detectors and carbon monoxide detectors, if required by law, or if not doing so would result in a code citation.

Note: Battery-operated smoke detectors are installed by Field Services Companies at time of initial services. If carbon monoxide detectors are also required by local or state law, ad hoc the Additional Services – Request Other Service deliverable to the Field Services Company and select carbon monoxide detector install. If the Municipal Code requires a hardwired system, create a Pre-Approval expense for Fannie Mae Asset Manager approval. Once you secure the property and complete the occupancy task, begin the processes found in Section 2: Assessing/Maintaining Property Condition with Field Service and Other Vendors.

Coordinate the need for hardwired systems for code compliance with the assigned HECM Field Services Company Pre-6MMTP.

Allow access for seller’s appraisers, inspectors, engineers, contractors, servicers, and hazard and mortgage insurance (MI) company representatives.

Note: If access to the property is controlled and not accessible to field service vendors or other vendors, assist with access so that there is no delay in the performance of services by vendors on behalf of Fannie Mae.

Rental Scams

Rental Scams continue to be an issue with vacant properties. Should you find unauthorized occupants claiming to be tenants, obtain all pertinent information and provide it to Fannie Mae by completing the Rental Scam survey and messaging the Asset Manager. Examples of data you should try to collect include:

- Occupant(s) name
- Purported Landlord name and contact information
- Copy of lease and payment receipt for security deposit/rent
- Circumstances that led them to the property and the source: an ad, website (specify), etc.

In addition, notify law enforcement immediately and file a report due to unauthorized entry and request assistance to get the property vacated. Upload the report to the Equator Property Files. Immediately update the Occupancy Status to reflect the change in occupancy.

You should report rental scams by ad hocing and completing the Property Damage Assessment task in Equator.
Deterring Theft
Use all precautions to make sure the property is secure. When warranted:

- Request approval to activate alarm systems if in place and operable.
- Remove and store appliance knobs, handles, burners, racks, etc. to make the appliance less attractive for theft.

Lock Box and Re-Key
Enabling access to our properties, with a consideration for security, is the responsibility of all Fannie Mae agents. Key code and lock box combinations must be protected.

A combination lock box allows access by other authorized professionals, such as Field Services, Fannie Mae appraisers, Fannie Mae inspectors, Fannie Mae contractors, and Fannie Mae employees.

Ensure the Fannie Mae coded combination lock box is in a secondary location such as a back door, side door, or other secure location. If the property is fenced, place the secondary lock box in front of the fence by securing it to the fence, water hydrant, lamp/fixture, whenever possible. Place an additional lock box on the primary access (front door) for marketing.

Note: It is a requirement that you only place one set of keys in the lockbox. When multiple sets are placed in the lockbox, you are compromising our security.

For properties that appear vacant, you will complete the Re-Key Secondary Door task and confirm whether personal property is present before the total rekey is performed by the HECM Field Services Company. If there is only one door, notify the HECM Field Services Company that an additional re-key is not necessary.

Note: Do not direct the locksmith to disable locksets/deadbolts or remove them instead of re-keying. You must be present when the property is re-keyed. If determined to be occupied by people, do not re-key. Review the guidelines below for occupancy types and re-key as directed.

An electronic lock box must be used if the primary MLS in the area supports its use. If an electronic lock box is not available in your market, document the system and use a randomly coded lock box for marketing. You must discontinue the use of previously provided lock box combinations as well as combinations that are specifically associated with you or your company. An agent must not create a standard lock box combination. You must cooperate and provide access to agents that do not belong to the primary MLS and have no ability to use the electronic lock box. That requires providing a key or meeting them at the property. You must not give them the combination to the Fannie Mae lock box on the secondary door.
Re-key services (initial and subsequent) are required to be completed by a professional locksmith service, properly licensed where required by state or municipalities. If the distance to the property involves an excessive trip charge from a professional locksmith, and licensing is not required, a local contractor may be used. If using a contractor, in the expense description you must detail the exception reasons by stating the distance to a professional locksmith and the amount of the increased cost to use a professional locksmith. All locks should be re-keyed rather than replacing the lockset, unless the lockset is in poor condition or does not match the décor of surrounding fixtures. As with all services, all work must be performed in a professional and workmanlike manner. Fannie Mae expects you to search for competitive pricing and you must submit the actual bill from the vendor.

All new assignments, or upon performing the initial re-key, must be re-keyed to a random key cut and agents are prohibited from creating their own master key.

Decorative or upgraded locksets should be preserved to enhance marketing. Direct the locksmith on the color/finish of the replacement lockset(s) so adjacent fixtures match.

If the property requires an additional re-key for security concerns, submit the pre-approval expense in Equator for Asset Manager review. If the property was previously listed by another agent or was under the control of a property manager and is now being returned to you for marketing, the property should already be re-keyed to a random key. Obtain the key from the previous agent or property manager. Do not re-key until directed to do so by the Asset Manager because re-keys completed in error will not be reimbursed.

Confirm the property is re-keyed and install the Fannie Mae-required lock box on a secondary door (if available). You will complete the Re-Key task in Equator with the date the lock box was installed, the location, and the combination. Do this within two days of the assignment date so that the Field Services Company will be able to access the property. Do not complete the Re-Key task unless property was actually re-keyed. If you have a Re-Key task and are unable to complete it due to occupancy, contact your Asset Manager to have the task closed.

If the property is still tenant occupied, no re-key is ordered, and no lock box is allowed.

For padlocks used on gates, outbuildings, or boarded doors, do not use A389. Instead, if a padlock or other lock is placed on a property and that lock is in an area accessible to interior, then set the combination to the last 4 digits of the Fannie Mae 10-digit loan number. If a padlock or lock is placed on a property that is only granting access to exterior areas and outbuildings, set the combination to the first 4 digits of the loan number. You may also place a key to these locks in the lock box used for Fannie Mae authorized access.

**Lock Box Combinations**

You must use a numerically coded lock box and the last digits of the loan number will be used for the combination.

For example, with loan number 4005761906:

- Lock box requiring 4 digits - combo is 1906
- Lock box requiring 3 digits - combo is 906
If a property fence must be secured, ensure the secondary lock box is placed in FRONT of the secured fence, to provide access to the lock box. Attach the secondary lock box to the fence, water hydrant, lamp/fixture, porch railing, etc., whenever possible.

**Padlocks on Gates, Outbuilding, Boarded Doors, etc.**

For padlocks used on gates, outbuildings, or boarded doors, do not use A389.

If a padlock or lock is placed on a property that is only granting access to exterior areas and outbuildings, set the combination to the **first 4 digits** of the loan number. You may also place a key to these locks in the lock box used for Fannie Mae authorized access. Each new exterior door with frame replaced must include deadbolt lock to increase security. Plated lock holes and hasp locks are not acceptable at any time. Locksets are required on all door replacements.

**Note:** You are allowed $150 per unit for the initial re-key and all doors are to be re-keyed. Padlock replacement or gate lock re-key is included in this expense. An expense above $150 per unit requires Asset Manager approval. Subsequent re-key or padlock expenses also require approval.

- The cost of lock boxes is not a reimbursable expense whether stolen or vandalized.
- The lock box combination must never be published in MLS, even in private or agent remarks.
- Re-key any other locksets in the same property to the same random key code, if compatible.
- As previously indicated, the Fannie Mae required lock box is in addition to the marketing lock box. Compliance inspections will now include a check for the number of lock boxes and the type of lock boxes present.
- It is your responsibility to grant access and keep a record of all appointments. This allows you to gather feedback from the showing agents and the prospects for use in your Monthly Marketing Report. Unless you have an electronic lock box that tracks agent entry, agents must make an appointment to show the home.
- You may use a centralized appointment service to provide access to licensed agents. The system you use must provide you with the necessary information to follow up to obtain buyer/agent feedback.
- Tenant-occupied properties are not on a master key and are available by appointment only in compliance with the lease terms. No lock boxes are allowed. Upon closing, tenant-occupied properties are not re-keyed.
- Communicate with those authorized for access so they clearly understand the location of the lock box for their access. Document the location in the system of record. Consider the location when placing the lock box if snow drifts may deter access by those authorized to use the secondary lock box.
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Remember:

Padlocks or Locks with **NO INTERIOR PROPERTY ACCESS**
Use the **FIRST 4 Digits of Loan Number:**

1234000000

Padlocks or Locks with **INTERIOR PROPERTY ACCESS**
Use the **LAST 4 Digits of Loan Number:**

000001234

If the property fence must be secured, ensure the secondary lock box is placed in FRONT of the secured fence to provide access to the lock box.

Attach to fence, water hydrant, lamp/fixture, porch railing, etc., whenever possible.

**Occupancy Status: Property Is Occupied**

The initial inspection may reveal that the property is occupied. Occupied properties are described as owner-occupied, occupant-unknown, tenant-occupied, or personal property.

To help minimize disruption, Fannie Mae offers occupants different options to help smooth transitions after foreclosure. Protecting the occupant’s legal rights is critically important to Fannie Mae; you are expected to follow both the letter and the spirit of the law to ensure occupants are aware of their options and are 100% clear on every option available to them. Never steer occupants in a particular direction; leave the decision entirely up to the occupants.

Provide information to Fannie Mae in order to determine the validity of tenancy. Do not make a determination until you have consulted with Fannie Mae.

Fannie Mae provides a number of alternatives for occupants. They include:

- The opportunity to lease the property with a new Fannie Mae lease or remain under a pre-existing lease, if the occupant is an eligible tenant. Certain loan types may not be eligible for rental.
- Eligibility for Relocation Assistance (also known as the Cash For Keys (CFK) Program) is available for both owners and tenants.
- **Do not offer CFK unless specifically contacted and directed to do so on HECM properties.**
- Opportunity to purchase the property is available for eligible tenants only unless the property was acquired on or before November 25, 2014, which may also allow purchase by the former owner or someone acting on behalf of the owner.
Steps for Occupied Properties

1. Interview the occupant, capture the following information, and enter in the Provide Occupancy Task:
   - Names of all the occupants.
   - Ages of all children.
   - Contact phone numbers.
   - Whether the occupant is receiving Section 8 assistance, is elderly, or suffers from diminished mental or physical capacity. Contact the Asset Manager immediately with this information.
   - Any other details conveyed to you by the occupants, such as the filing of bankruptcy, loan modification or short sale attempts. Contact the Asset Manager immediately if the occupant indicates they filed bankruptcy or received approval for a loan modification or short sale.

   Note: Placing the additional information in the Provide Occupancy Status task will not trigger a notice to the Asset Manager and Eviction Specialist. Use Equator messaging to ensure notification is communicated.

   Note: When you indicate a tenant may be interested in renting, the property will be assigned to a Property Management company. It is very important to capture tenant name(s) and contact information for the Property Management Company.

2. If occupied, complete the Provide Occupancy task within two days of receiving the assignment, and report the property as Occupied (Owner, Tenant, Occupied-Unknown, or Personal Property). Indicators that the property is not vacant include:
   - People at the property say they are not completely moved out.
   - The lights and other utilities are on.
   - Neighbors tell you that people still reside at the property.
   - The presence of personal property with a value greater than $500 ($700 in CA).

   Note: If you do not know who is occupying the property, select Unknown in the Provide Occupancy task in Equator. To ensure you have adequate time to determine who occupies the property, you cannot complete the Provide Occupancy task with Unknown within the first 5 days of the task opening. If Unknown is selected, there are two potential subsequent tasks: ID Occupant – Follow Up and ID Occupant – Final. Both tasks limit the answer of Unknown within the first 5 days. If Unknown is selected within the final task, the system will proceed down the eviction path.
Section 1: Acquisition of Real Estate Owned Properties

Former Owner Rental Program

For properties occupied by the former owner, Fannie Mae now has an additional option to communicate to former owners in addition to relocation assistance or eviction. The Former Owner Rental Program will provide a potential opportunity for the former owner to remain in the property as a "tenant" making monthly rental payments at fair market rent.

After posting Knowing Your Options (KYO), if the property is occupied by the former owner, you must tell them about the possibility of renting. The home must qualify for this opportunity. Eligible homes must meet all applicable health and safety building codes or those that can be brought into suitable condition within a reasonable amount of time and expense, as determined by Fannie Mae.

Qualifications for the program include:

- Former Owner must complete the required Former Owner Property Questionnaire and Property Condition Form and return it within three business days.
- Allow an inspector to enter and inspect the home.
- Sign a new Fannie Mae month-to-month lease.
- Cooperate with marketing activities. This includes allowing the home to be shown to prospective buyers and real estate agents, keeping the home clean and safe, and meeting state and local code requirements.

Your Actions:

If you have a former owner interested in this program:

- Complete the Occupancy Status in the Provide Occupancy Status (Pre-Listing) task with "Owner-Occupied."
  - In the Comments section, indicate the property is occupied by the former owner who is interested in the Former Owner Rental Program.
  - Indicate that you have provided the required forms which must be completed and returned within three business days.
  - Upload the completed forms to the Equator library and send a notification to the Rental Coordinator at Rental_Review@fanniemae.com.
  - Notify Rental_Review@fanniemae.com and document Equator if the former owner fails to complete the forms or becomes non-responsive.

  Note: If the former owner elects relocation assistance or is non-responsive, you must document your efforts to inform them about the Former Owner Rental Program.

- Coordinate the contact and access for the inspectors.
- If the Rental Coordinator denies the application, you will be instructed to deliver the denial letter and upload a copy to Equator.
Section 1: Acquisition of Real Estate Owned Properties

Eligible for Rental

If the Rental Coordinator indicates the former owner is eligible to lease:

- Ad hoc the Weekly Occupancy Status task with "Tenant."
- You will then receive the Tenant Intentions task.
  - Select "New Lease"
  - Document in the comments that the occupant is interested in the Former Owner Rental Program.
  - The property will be assigned to a Property Management company to complete the lease. Provide the former owner with the Property Management company contact information.
  - If a lease is executed, the property may return for marketing.

**Note:** HECM properties are generally excluded and will not be marketed while occupied.

If you have any questions, email: Rental.Review@fanniemae.com

Occupant Eviction

- Though every effort is made to offer alternatives to eviction, at times eviction is the only recourse to gain possession of the property.
- Eviction may run concurrently with the Relocation Assistance (Cash for Keys) process.
- Eviction laws can vary from state to state. It is your responsibility to work with the Fannie Mae Asset Manager, Asset Recovery Analyst, and the eviction attorney to assist as requested with the eviction process.
- You are also tasked every Monday in Equator to provide a Weekly Occupancy Status, until reported as vacant. This means you should drive by the property weekly to visually assess occupancy status, property condition status, and report any changes. The weekly inspections serve to identify issues and limit liability and damage. Photos prove compliance and must be provided to Fannie Mae upon notification. Should you receive an assignment too distant for a weekly inspection, reject the assignment and notification will be sent to have the property reassigned.
  - Take a date-stamped photo and retain in your file.
  - It is imperative that you communicate frequently with the Fannie Mae Asset Manager, and/or Asset Recovery Specialist regarding any issues with the occupants.
  - If an occupant claims to be a tenant, immediately update the Weekly Occupancy Status task in Equator. If there is not an open task, you can ad hoc the task. The eviction should not proceed until the tenancy has been evaluated by Fannie Mae or a property manager.

**Note:** Some states require occupant names to start an eviction. Verify the information necessary for eviction with the Eviction Specialist and/or Eviction Attorney if you have questions.
Personal Property Removal

Alternative procedures may be required for the removal and disposal of personal property. If personal property is suspected or unknown, always re-key the back door. Never initially re-key the front door which could constitute illegal forcible entry if personal property is present.

**Note:** If there are abandoned animals, contact your local animal control office immediately.

Personal property removal laws vary from state to state, including, but not limited to, the length of eviction period, storage options, etc. It is your responsibility to work with the Fannie Mae Asset Manager, and/or the Asset Recovery Analyst to familiarize yourself with the laws of your state(s). The California Personal Property job aid is located in the Resources section.

Following the selection of Personal Property occupancy type in Equator, you must itemize the personal property to complete the **Personal Property Evaluation** task. The itemized inventory will be reviewed by Fannie Mae and the appropriate action taken. With respect to the personal property only, do the following:

- Re-key a back door or secondary door for access, if available. Post a notice that property was re-keyed and indicate name of agent to contact for access. Do not place a lock box on the property.
- If the garage sale value of the property is above $500 ($700 in CA), or the property may have sentimental or personal value, upload photographs when completing your task
- The Fannie Mae Asset Manager may consult with the Asset Recovery Analyst to confirm value and next steps.

**Note:** Improper removal of personal property may constitute an illegal act. Fannie Mae DOES hold you responsible for following the above procedures carefully to avoid any potentially illegal actions.

- Re-keying a secondary door allows access for property preservation while awaiting legal removal of the personal property Secure the property per the instructions in this Guide, or as directed by the designated municipal official and enter the re-key date in the task.

The system recognizes personal property when triggering maintenance services releasing only exterior services and winterization. You must complete the Re-Key task even if we are evicting personal property to initiate the Field Services order or Fannie Mae may be exposed to the risk of code violation, liens, and property damages through freezing.

- When the eviction is complete, update the occupancy status to Vacant and update the Re-Key task when all door locks were re-keyed to trigger interior maintenance services including trash removal and maid service. This additional re-key will require Asset Manager Approval since the initial re-key was only done to the secondary door.
  - If an eviction is in process and you observe that the occupants have vacated, do not update to Vacant until you confirm whether there is personal property remaining.
Section 1: Acquisition of Real Estate Owned Properties

- If the garage sale value of the property is less than $500 ($700 in CA), and there is no property that may have sentimental or personal value, update the Weekly Occupancy Status to Vacant.

- If personal property remains with a garage sale value of $500 ($700 in CA), or the property may have sentimental or personal value, update the Weekly Occupancy Status to Occupied-Personal Property which will then trigger the Personal Property Evaluation task. In some states the eviction will continue while you may be directed on alternative procedures in other states.

Completing the Provide Occupancy Status Task

Fannie Mae expects you to complete the Provide Occupancy Status task within two days of receiving the assignment. Refer to the Equator training modules for specific instructions on completing this task.

Enter the occupancy status using the following classifications:

- Owner (even if others also occupy who are not the owner including child, parent, spouse, or other relatives/heirs)
- Tenant (anyone who is not the owner, parent, child, or spouse of the owner)
- Personal Property (value of remaining personal property >$500, or $700 in CA)
- Unknown (requires an update in 5 days and a change to owner or tenant)
- Vacant

Property Type

It is very important to select the correct property type when entering information into the Determine Units task. The property type selections include:

- Single Family Detached
- Single Family Attached
- Condo
- Co-op
- Mobile home-Manufactured Housing
- Condominium Hotel
- Land Only
- Two Family
- Three Family
- Four Family

You will be tasked with reporting the occupancy per unit. For Total Number of Units, combine the number of legal and illegal units.
Section 1: Acquisition of Real Estate Owned Properties

Note: Notify the Fannie Mae Asset Manager immediately whenever any of the property address information does not match the address in Equator. It is important to have Fannie Mae confirm the address prior to posting or ordering re-key if the address on the assignment appears incorrect, deficient, or incomplete.

Manufactured Home

After you complete the Determine Units task indicating the property is a manufactured home, enter the Vehicle Identification Number (VIN), Message the Asset Manager with make, model, year, and serial number in an Equator along with any other information such as the assessor’s designation as real vs. personal property.

Marketing is concurrent with any actions being taken to obtain title to the manufactured home. Unless the Fannie Mae Asset Manager instructs you otherwise, the property may be listed while Fannie Mae confirms that the manufactured home is real property or is in process of converting or retiring the Mobile Home title to real property.

Note: Manufactured homes frequently have issues related to the status of the manufactured home title. Receiving timely information about the property identification is necessary to confirm the title status.

Manufactured homes are built on a non-removable steel chassis and transported to the building site on their own wheels. The manufactured housing identification is located on the manufacturer’s “data plate”. It is a 10 in. x 24 in. sheet, usually red, located in one of the following places:

- Kitchen cabinets (upper and lower)
- Under kitchen sink
- Bedroom closets (especially the master)
- Near water heater
- Near circuit panel (breaker box)
- In utility room
- On plate near either of the exterior ends
- On manufactured housing towing tongue
- Stamped on the front frame usually located in the bottom right or left corner (usually covered by skirt)

Contact the Fannie Mae Asset Manager for further instruction within five days if you are unable to locate the VIN. In place of the VIN, enter “Unable to Locate”.

Notify the Fannie Mae Asset Manager immediately if any of the following conditions apply:

- The wheels, axle, and tongue are still present.
- The manufactured home is a single-wide.
- The manufactured home was constructed before June 15, 1976. The pre-HUD label manufacture date can be found on the data plate.
Do not confuse manufactured homes with modular homes, which are built in sections in a factory setting. The sections move through a factory and then are transported to the home site. Typically, they are lifted off the transporting trailer with a crane and are placed on a pre-made foundation, joined, and completed by a local builder. These are treated as single-family homes.

Summary of Timelines for Agent Pre-Marketing Duties

Fannie Mae refers to the duties and responsibilities covered in Section 1: Acquisition of Real Estate Owned Properties of this Guide as the pre-marketing phase of the REO Sales process. Table 7: Initial Assignment Duties with Timelines for Completion summarizes the duties you perform most immediately after you receive an assignment, along with the timelines for completing the duties. Remember: these timelines will differ from the Equator task timeframes. Our expectation is that you adhere to the timelines below.

<table>
<thead>
<tr>
<th>Timeline (from when you receive an assignment)</th>
<th>Duties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 day</td>
<td>Inspect the property and post Knowing Your Options in Non-Redemption states, or upon expiration of Redemption/Confirmation periods. In redemption/confirmation states, inspect the property and post the Door Hanger Notice. Comply with any other state or local posting/notification requirements.</td>
</tr>
<tr>
<td>Within 2 days</td>
<td>Complete the Determine Units &amp; Provide Occupancy Status tasks in Equator. If the property is vacant, you will be tasked to re-key the property in Equator.</td>
</tr>
<tr>
<td>Within 7 days</td>
<td>Submit a BPO if tasked (occurs when property is vacant).</td>
</tr>
<tr>
<td>Within 10 days, if tenant-occupied</td>
<td>Complete tasking in Equator with the response (indicating the tenant(s) intentions regarding the option to rent, if known) or lack of response from the tenant.</td>
</tr>
<tr>
<td>Weekly</td>
<td>Drive by occupied properties and complete Weekly Occupancy Status tasks to confirm or report any occupancy changes. On vacant properties, perform Weekly Property Inspection tasks.</td>
</tr>
<tr>
<td>Within 15, 30 or 45 days (if occupant was eligible for CFK and it was accepted)</td>
<td>Occupant must vacate as indicated in the Relocation Assistance tasking in Equator.</td>
</tr>
</tbody>
</table>
Handling Special Occupant Situations

Overview of Strategy

Fannie Mae’s policy regarding occupied properties is to offer viable alternatives to occupants that allow smoother transitions after foreclosure and to comply with applicable laws.

This section of the Guide describes the alternatives Fannie Mae requires you to offer occupants living in a REO property at the time of assignment. The alternatives are:

- Relocation Assistance Program (also known as Cash for Keys or CFK)
- Opportunity for leasing the property by eligible tenants
- Occupant purchase by eligible tenants or approved third parties

All of the alternatives may not be appropriate for every occupant and may not be available for certain loan types such as HECM properties. Get approval from the Eviction Specialist if you are unsure about the options to offer. Tenants who desire to remain at the property must be referred to Fannie Mae by completing the Tenant Intentions task and entering “Existing Lease”. If the tenant and Fannie Mae enter into a long-term lease, the property may not be marketed, and your assignment may be cancelled.

Relocation Assistance Program (RAP)

Once you indicate an occupied status in Equator, watch for the initial offer amount and number of days to vacate to appear in Relocation Assistance tasking. The offer is based on a state-specific matrix. You must make the CFK offer as indicated in the system unless able to negotiate a lower amount. If the occupant is a tenant, you must offer both CFK and the opportunity for consideration to maintain their tenancy. Additionally, tenants may desire to pursue a property purchase option.

- New Jersey: There is a special process, and special forms, for offering the Relocation Assistance Program in New Jersey. Refer to the Section 12: Resources for all related program information.
- Massachusetts: There is a special process for KYO in Massachusetts. Refer to Section 12: Resources for related forms and instructions.
- Oregon: There is a special process for tenants in Oregon. Refer to Section 12: Resources for related forms and instructions.
- Rhode Island: There is a special posting process in Rhode Island. Refer to Section 12: Resources for related forms and instructions.
- California: Do not offer relocation assistance to tenants in rent-controlled areas. If the tenant makes a request for relocation assistance, enter the amount and proposed vacate date in tasking.
Relocation Assistance Program Details

Relocation Assistance, also known as Cash for Keys (CFK), is a powerful initiative that allows an occupant to depart with dignity. This facilitates obtaining property possession and requires minimal initial services.

Program Requirements

- Immediately make the CFK offer, in person, if possible, following the appearance of the Offer Relocation Assistance (Agent) task after you enter the occupancy and refresh the tasks. Do not offer CFK until you have tasking that confirms the eligibility, amount, and vacate date to offer. You will be held responsible for any expenses if you make an offer of CFK in non-compliance with the requirements. All approvals must be in place for amounts and the vacate date before documents are signed. Inform the occupant a response is needed within 10 days of offering the RAP/CFK. Document the response in tasking as previously described.
  
- Provide a copy of the Relocation Assistance Agreement to be executed within that 10-day period.

- Explain that RAP/CFK requires the occupant to agree to and vacate the premises by an agreed upon, and formally noted, vacate date.

- Explain that RAP/CFK requires the occupant to remove all personal property from the premises by the agreed upon vacate date and leave the premises in broom-swept condition.

- RAP/CFK is offered if physically occupied or in some circumstances, if occupied with personal property. Check with the Relocation Assistance (RA) Specialist before offering CFK if only occupied with personal property.

- If a Landlord Tenant Eviction is in process, the agent is not authorized to offer RAP/CFK.

- If the Property is being marketed as tenant occupied, the agent is not authorized to offer RAP/CFK

- When the occupant vacates, the occupant must sign the Release of All Claims Form (the Receipt form in CT) to receive the agreed amount for RAP/CFK.

Note: There is a special process, and special forms, for offering the Relocation Assistance Program in New Jersey. Refer to the Section 12: Resources for all New Jersey-related program information.

- RAP/CFK is not to be offered on properties in Redemption or Confirmation. Do not ad hoc the Tenant Intentions task during these phases.

Program Benefits

There are numerous program benefits for you, Fannie Mae, and the occupant.

Listed below are the program benefits:

- Reduces external eviction delays imposed and/or caused by the courts, and the Sheriff’s Department

- Reduces the eviction timeline
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- Reduces the cost of debris removal, and moving and storage expenses
- Avoids and/or minimizes potential legal challenges
- Avoids lengthy evictions when occupants leave behind extensive personal property requiring an eviction, or other means of disposal
- Allows the occupant to exit the premises with dignity, in the least confrontational manner possible, with financial assistance

Definition of Roles for Each Party Necessary to the Program

Listing Agent
Your role in the program is to make it available to occupants by complying with the posting notices and timely follow-up. Using the program allows Fannie Mae to minimize financial losses on REO properties.

Most importantly, your role is to explicitly follow the guidelines for the program to protect all parties from potential liability. Do not offer Relocation Assistance until tasking appears and directs the offer to be made.

Fannie Mae Asset Manager
Always keep the Fannie Mae Asset Manager apprised of all issues with your assigned property, and the program status. The Asset Manager is your primary Fannie Mae manager and liaison and helps when you have questions and concerns pertaining to your assigned property.

Eviction and RA Specialist
Fannie Mae’s Eviction Specialist monitors the eviction and Fannie Mae’s RA Specialist monitors the RAP/CFK processes. If you need to renegotiate the terms of an “already-in-progress” program agreement, work with the Fannie Mae Asset Manager, and the RA Specialist, to approve or deny any of the contested terms of the agreement.

Legal Department
Fannie Mae’s Legal Department works closely with the eviction specialist when executing the program details. The Legal Department ensures all agreements, Fannie Mae’s processes for REO properties, and the program requirements follow the law.

Deviations from a Standard Program Agreement
Always report any deviation from standard program practices to the Fannie Mae Asset Manager and the eviction specialist for approval, whether or not the deviation is included in this Guide. The eviction specialist works through the issues to ensure compliance and advises you and the Fannie Mae Asset Manager on how to proceed with the agreement deviation. Fannie Mae may decide to approve only the initial program offer, increase/decrease the amount of cash offered in the agreement, or modify the vacate date.
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If the property is involved in a lawsuit against Fannie Mae or in any lawsuit that could jeopardize Fannie Mae’s ability to market and/or sell the property, the Asset Recovery Analyst reviews the case with Fannie Mae’s Legal Department before approving or denying any special circumstances. Wait to receive notification of the actions that you are approved to take.

If the property is on a lease, do not offer CFK even if there is a task for it. Confirm first whether this is authorized.

**Damage to the Property**

If physical damage at the property exceeds what is correctable through normal cleaning and maintenance methods, contact the Fannie Mae Asset Manager, and the Asset Recovery Representative, before you enter into a program agreement with the occupant.

**Occupant-Related Issues**

On those properties occupied by a tenant, if any of the mortgagor’s personal property remains on the premises (not the tenant’s), you and the tenant work together to get the mortgagor to remove the property before proceeding with the RAP/CFK process.

If the situation persists, and the mortgagor refuses to remove personal property, Fannie Mae may consider offering a cash benefit to the mortgagor for property removal.

In 2-4 family properties, Relocation Assistance is offered to each unit. All occupants within the unit must accept the RAP/CFK offer or no one can receive it for that unit.

Facilitate RAP/CFK negotiations between Fannie Mae and the occupant until you reach an agreement on a Vacate Date and Cash Incentive Amount. Negotiate Fannie Mae’s program offer by entering a Negotiated Amount and a Vacate Date into tasking. Refer to the Equator agent Relocation Assistance module for complete instructions.

**Note:** Negotiation of the RAP/CFK offer is prohibited in certain areas of California: Alameda County, San Francisco County, Los Angeles Rent Control areas (LAHD).

If the occupant does not agree to the program terms, negotiation ends, and the eviction process continues.

**Core Performance Expectations: Process**

*Read, understand and follow the REO Sales Guide and Equator agent modules. Contact the Asset Manager if you have questions or concerns.*

**RAP Negotiation Process for Fannie Mae-Assigned Properties**

For properties assigned to Fannie Mae agents, Fannie Mae’s Eviction Department utilizes third party vendors to help process and facilitate most CFK transactions. These vendors are assigned by Fannie Mae once Relocation Assistance has been initiated. CFK is then advanced by the vendor, rather than by the agent.

**Note:** Properties in DC are not processed through CFK vendors. Properties in rent-controlled areas of CA are also not processed through CFK vendors. Agents in excluded areas of California (Alameda County, San Francisco County and Los Angeles Rent Control areas
(LARSO)) should also follow the CFK process outlined in the previous section while keeping in mind the prohibition against countering or negotiating CFK in these rent-controlled areas.

When a property is assigned to a vendor for the CFK process, a message is sent in Equator providing the assigned vendor’s name and email, as well as the assigned CFK Specialist’s information. Agents also receive via email a Welcome Letter from the assigned vendor detailing this information.

The CFK process still follows the steps 1 – 8 below, but the process diverges when the agreement and W-9 are both signed and complete, as seen in Step 9 below.

1. Access tasking: the initial offer amount(s) will be the limit for payout, unless approved otherwise.
2. Contact the occupant and present the terms set forth in Equator.
3. When completing the Relocation Assistance forms, verify that Fannie Mae is listed as the “Owner.” Fannie Mae should not be abbreviated (example, FM or FNMA) nor referred to as Federal National Mortgage Association.
4. Verify that the property address listed on the forms includes the street number, street name, unit number (if applicable), city and state.
5. If the occupant accepts the terms set forth in the program offer letter (both date and amount), immediately obtain all occupant signatures on the Relocation Assistance Agreement and enter the terms into Equator.

*** EXCEPTION *** Fannie Mae must accept/approve all terms that fall outside of the program offer letter. If the occupant does not accept the terms set forth in the program offer letter, **DO NOT** obtain signatures on the Relocation Assistance Agreement until you have received final approval through Equator tasking:

- Enter the occupant requested terms into Equator.
- Wait for Fannie Mae acceptance of occupant requested terms OR counter offer with alternate terms.
- Obtain signatures only after you have received Fannie Mae approval.

**Note:** If an occupant accepts Cash for Keys, it is a best practice that you are present when the Relocation Assistance document is signed. If the occupants are not available and later contact you and request that you send the form to them, you must not sign the form in advance of emailing the form. If you receive a form signed by the occupants and you were not present, you must match all verbiage to make sure no portion of the document was altered. When you sign the form, you are affirming that the agreement contains the terms agreed to by Fannie Mae.

6. If a counter negotiation from an occupant requires you to update the original RAP/CFK terms, enter the occupant’s requested new terms into the tasking.
7. The Relocation Assistance Specialist receives the requested new terms, approves or modifies them, and sends back Fannie Mae’s renegotiated terms in a new task.
8. Present the new, renegotiated program offer terms to the occupant.

**Note:** Continue steps 6-8 until either the occupant accepts the program offer (then continue with steps 9-14, below), or Fannie Mae rescinds the program offer.
9. If the occupant accepts the program offer, get the occupant’s signature on the Relocation Assistance Agreement and obtain a signed W-9.

10. The CFK Vendor will process a check payable to the occupant, send this check to you (the agent) by Priority Mail, and enter information into Equator. You will receive the check prior to the vacate date.

11. Email a copy of the Relocation Assistance Agreement and the W-9 to the assigned CFK Vendor (see CFK Vendor Information below).

12. Inspect the property on or before the Agreement’s vacate date. Remember that the occupant is required to leave the property in broom-swept condition to comply with RAP/CFK requirements. Make sure this condition is met.

13. If the property is vacated in broom-swept condition, obtain the occupant’s signature on the Release of All Claims Form (Receipt Form, in CT) and provide the CFK check to the occupant.

14. Collect the Certificate of Title for the property if it is a mobile home located in a paper title state.

**Note:** If the occupant intends to voluntarily vacate and we will not be paying relocation assistance, do not complete the Relocation Assistance forms with zero. Complete the task with the menu selection of “Declined all options”. You may have the occupant complete the Release of All Claims form for $0 and upload to the Equator library.

Complete the Confirm Vacancy & Forms task. This will update the occupancy status, close out the eviction issue, and generate the next tasks required to move the process forward.

**Voiding the CFK Check**

In the event the CFK is not completed after the vendor issues the check (step 12), the following new steps must occur:

1. Agent writes "VOID" on the CFK check.
2. Agent scans and messages a copy of voided check to the assigned vendor through Equator.
3. Agent destroys the original voided check.

**CFK Vendor Information**

The assigned vendor’s information will be accessible in Equator. The majority of the documents will be uploaded throughout tasking; however, if you need to send additional information to the CFK vendor, message them in Equator and attach the documents. These will then also be stored in the library. The exception is the W-9 and Relocation Assistance Forms which should be emailed to the vendor and not messaged through Equator.
Relocation Assistance Forms

- **Expense Reimbursement**
  These items are handled by submitting the expense for reimbursement through the Equator invoicing module.

- **Relocation Assistance Agreement, Release of All Claims Form and Receipt Form**
  See Section 12: Resources for links to these forms.

- **New Jersey Relocation Assistance Agreement, and Other Information and Forms**
  See Section 12: Resources for links to these forms.

Frequently Asked Questions (FAQs) About RAP/CFK

**How much does the occupant receive for a successfully completed RAP/CFK agreement?**

Fannie Mae assigns each state a specific amount for 15-, 30-, or 45-day vacate periods. The amount you are approved to offer an occupant is specified Equator. Some agents negotiate a RAP/CFK Agreement at an amount less than the approved limits. This is usually combined with an extended vacate date. The goal is to reduce timelines by expediting the vacate date. Fannie Mae requests you negotiate up to the limit, with a focus on occupants vacating within 15 days.

**What action do I take if a particular RAP/CFK agreement has a special circumstance or requires changes to the terms?**

Enter the counter-offer in tasking with comments for Fannie Mae’s Relocation Assistance Specialist to review, approve, deny, or counter. The Relocation Assistance Specialist reviews and approves each agreement on a case-by-case basis. Check Equator daily for an updated decision about your counter offer.

**Who verifies that the property is in broom-swept condition?**

You meet the occupant at the property and do the walk-through. You verify that the property is in broom swept condition before you issue the program payment.

**What happens if an agreement is in place and the occupant fails to keep the terms of the agreement?**

If the occupant does not perform under the terms of the agreement, the Relocation Assistance Specialist then authorizes the eviction attorney to proceed with the eviction process. In some very special circumstances, you can renegotiate an agreement between Fannie Mae and the occupant. The Relocation Assistance Specialist reviews these special cases and either approves or denies them, on a case-by-case basis.

**What if the property is involved in a lawsuit against Fannie Mae?**
Section 1: Acquisition of Real Estate Owned Properties

The Relocation Assistance Specialist coordinates the RAP/CFK agreement with Fannie Mae’s Legal Department, and then decides whether to approve or deny the agreement terms or take some other action. Check tasking and your Equator inbox daily to watch for updates.

**What happens after the agreement is successfully executed, and the occupant complies with all of the RAP/CFK agreement terms?**

Walk the property with the occupant to make sure that all personal property is removed, and that the property appears in broom swept condition before you personally present the program payment to the occupant in exchange for the signatures of all occupants on the Release of All Claims Form (in CT, use a different form called the Receipt). Complete the tasking to change the occupancy status of the property to vacant. Doing so closes the eviction process on the property without delay. Finally, begin the process of securing and marketing the property.

**FAQs About RAP/CFK Involving CFK Vendors**

**How do I know if a CFK Vendor is involved?**

With Equator, you can simply send a message to the person assigned to the CFK process, whether internal or external. However, you also receive a message when a vendor is assigned to a case.

**What if I lose the CFK check or the CFK check gets lost in the mail?**

Contact the assigned vendor immediately so they can re-issue the CFK check.

**What if CFK fails, the occupant no longer wants CFK, or terms of the CFK Agreement are not met? What do I do with the check?**

Determine if the occupant is still interested in CFK or simply needs a few more days to move out to fulfill the terms of the agreement. In either case, contact your Eviction Specialist for instructions on how to proceed. If CFK fails, you must write “VOID” on the check, scan a copy of the voided check and message to the specific vendor. After following these steps, destroy the check.

**Who is the check made payable to?**

The check is made payable to the occupant. It is important that the Relocation Agreement and W-9 Form is filled out completely by the occupant and signed by the occupant.

**What if the CFK check is made out to the wrong person?**

You must write “VOID” on the check, scan a copy of the voided check and email the check to the assigned vendor. After following these steps, destroy the check.

**Why is it important to complete a W-9 Form?**

The W-9 Form is a required piece of the CFK process. This information allows our vendors to comply with federal and local tax requirements. At the end of the year, a Form 1099 will be sent to individuals who have accepted CFK.
Where do I find a W-9 Form and how do I complete this form?

Go to the Internal Revenue Service’s site:


Who should I contact if I have an urgent situation with a CFK check payment?

You must contact the assigned Eviction Specialist for all urgent situations. The Eviction Specialist information is located within Equator. If you have any further questions on the matter, message your Asset Manager.

How quickly will I get the check after I provide the required information?

The check will be processed within three days from receipt of required information. The vendor must process the checks approximately 15 days prior to the anticipated vacate date. The check will be mailed via 2-Day or Overnight mail based on the expected move-out date.

What information is required for the vendor to process and send a CFK check?

The vendor needs the completed and signed Relocation Assistance Agreement and W-9 Form sent to the assigned vendor’s email address.

Fannie Mae Tenant-in-Place Rental Policy

Section 304 of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (Public Law No. 115-174) restored sections 701-703 of the Protecting Tenants at Foreclosure Act of 2009 (the “PTFA”) and repealed section 704 (the sunset provision), effective June 23, 2018. As a result, Fannie Mae will comply with the PTFA, including providing 90 days’ written notice prior to eviction to tenants who are eligible under the PTFA to receive them.
Tenant In Place (TIP)

Fannie Mae is committed to working with bona fide tenants post-foreclosure. Tenant leases should be obtained, when possible, and provided for review. Tenants (except the former owner or parents, children, or spouse of former owner) may be provided up to 90 days’ written notice to vacate (absent any longer notice periods that may be required by local law). This change in notice protection was effective June 23, 2018. In some jurisdictions the tenant may be protected, and Fannie Mae is unable to negotiate vacancy at closing. If unsure, check with the Eviction Team.

**Note:** If a tenant occupies a Fannie Mae-owned property, and requests to maintain occupancy based on an existing lease, complete the Tenant Intentions task in Equator explaining the situation. An order is then opened to a Property Management Company for further action. If the Property Management Company is able to verify or secure a term lease, the Fannie Mae Asset Manager may reassign the property until Fannie Mae is ready to place the property on the market.

On 2-4 family properties, you will receive an occupancy status task for each unit. Report which units are tenant-occupied. Do not accept rental funds. This action is handled by a designated Property Management company.

If there are emergency repairs deemed necessary for the health and safety of the tenants or to remedy code violations, immediately contact the Fannie Mae Asset Manager and Code Compliance Specialist. The Property Management Company should complete all safety and habitability repairs on tenant occupied properties with secured leases. Contact the Fannie Mae Asset Manager if you need assistance, or if there are emergency repairs needed prior to the Property Management Company securing a lease.

Program Criteria Highlights

A tenant deemed bona fide by Fannie Mae may be able to remain at a property if a Fannie Mae Month to Month (MTM) lease is executed. Fannie Mae’s REO Rental team will review the information you enter in Equator tasking.

- To qualify, a tenant must live in the property when Fannie Mae acquires it. The tenant cannot be the mortgagor, or the spouse, parent or child of the mortgagor.
- Any single-family property is eligible for the program, including 2-4 family properties, condos, co-ops, single-family detached homes, and manufactured homes; however, not all loan types are necessarily eligible, such as HECMs.
- The HOA, if applicable, must allow rentals.
- The property must meet the standards of local rental property regulations/laws/zoning, and condition standards as imposed by Fannie Mae.

Some leased properties may be marketed for sale. The lease requires the tenant to allow access to the property by Fannie Mae agents and contractors when given notice. If the property sells, the property transfers to the new owner, subject to the lease. Fannie Mae will consider, on a case-by-case basis, delivering the property vacant at closing for an owner occupant purchaser with financing requiring occupancy. **See Section 7 - Special Instructions for Listing and Marketing Tenant Occupied Properties.**
Uncooperative Tenants

Provide detailed information in the Tenant Intentions task about the uncooperative behavior you are experiencing from the tenants. You also can message the Rental Specialist or Asset Manager with any questions.

Occupant Declines Lease, RAP, or Is Not Responsive

Update Equator with the tenant’s actions and note in the Comments if the tenant/renter declined Cash for Keys, did not wish to continue occupancy, or was not responsive. This comment tells Fannie Mae to order an eviction.

Occupant Eviction Process

Fannie Mae handles the eviction process. You are responsible to help in the eviction process by doing the following:

- Drive by the property weekly.
- Report any occupancy changes by completing the Weekly Occupancy Status task. Establish and maintain communication with the eviction attorney.
- Assist the eviction attorney throughout the process, including being present at all scheduled lockouts. Failure to appear could result in termination.
- If Eviction Lockout has already occurred and Personal Property was required to be removed at time of Lockout, move-out, set-out, moving, and storage costs as a result of the Eviction Lockout must be approved by submitting as a New Expense and attaching the invoice with full details describing the scope of work completed and photos following completion. Submit using Category-Eviction Expenses and Reason Code- Eviction Moveout. This process assumes work is required to be done on the spot at time of lockout and no estimate was available prior to the event. Do not use the Pre-Approval option in the Equator Expense Module as this will cause further delay in receiving approval and payment.
- If the property is pronounced as vacant of people at the time of Eviction Lockout and there is no requirement to complete the removal of personal property under the supervision of municipal authorities: 1) Obtain two bids if over $1,000. Itemized estimates submitted for approval must include the number of workers, hours worked, other details which support the expense, and photos. 2) Submit your estimate and request for pre-approval to the Eviction Specialist role through messaging only. Once approval is granted through messaging, and upon completion of the eviction move out and update of occupancy to “Vacant”, submit the final invoice as a New Expense using Category-Eviction Expenses and Reason Code-Eviction Moveout. In the description, indicate the date of the approval message. Do not use the Pre-Approval option in the Equator Expense Module as this will cause further delay in receiving approval.
- Re-key completed in conjunction with the eviction process does not require Eviction Specialist approval. Follow the re-key procedures for expense reimbursement in the Expense Classification Index found in Section 12: Resources.
• Contact Field Services (using the Quick Reference Guide in the Listing Agent Resources Directory) in advance of the lockout and alert the Field Services Company to the event that will require debris removal and provide the date when entry should be made, or contents removed from yard, depending on state requirements. Debris in these situations will be a priority for removal. Be sure to provide updates if there are changes. Costs associated with debris removal following a move-out or set-out must be coordinated in this manner and bids for debris removal should not be submitted to the Eviction Specialist for approval. The exception is when the service is completed by a government entity such as the City of Detroit.

If you have any concerns about the correct procedures to follow in any given circumstance with a Tenant/Renter, message the Rental Specialist in Equator.

Occupant Purchase

Fannie Mae encourages eligible tenants to consider purchasing the property.

Former Mortgagor or Anyone Purchasing on Behalf of the Former Mortgagor

Properties acquired by Fannie Mae on or before November 25, 2014

For REO properties that were in Fannie Mae’s inventory as of Tuesday, November 25, 2014, former mortgagors or purchasers acting on behalf of the former mortgagor (i.e., family members, nonprofit organizations, etc.) may be eligible to buy back the foreclosed property, subject to certain limitations, and at a price determined by Fannie Mae. Review the FAQs below for additional information.

Note: If the property is sold directly to the former mortgagor, the conveyance will be facilitated by the Fannie Mae assigned attorney and the listing agent will not participate in the transaction. A sale to a party on behalf of the former mortgagor will follow the traditional sale path if the property is marketed.

Vacant Properties (Pre-listed status):

The property must progress to Available status before an offer can be submitted.

Properties in Available Status:

You will be contacted to submit the offers from former owners (or others purchasing on behalf of former owners). Submit the offers through HomePath Online Offers before entering into Equator.

Note: To differentiate these offers, you will indicate the use of public funds when submitting the offer. For example, a former owner, or individual on behalf of the owner, would be submitted as shown below:

<table>
<thead>
<tr>
<th>Public Funds Usage</th>
<th>Individual Using Public Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Funds Type</td>
<td>Other</td>
</tr>
</tbody>
</table>
Section 1: Acquisition of Real Estate Owned Properties

Even though public funds may not be involved, this directs the offer to the correct team for review. The Offer Comments must begin with "Owner Buyback".

Properties in Pending Status:
These properties are not eligible for buy back unless the sale falls through and the property returns to the market.

Occupied Properties:
Any inquiry from an occupant should be sent to the Asset Manager, Eviction Specialist, and Eviction Attorney. Requests to purchase will be routed to the appropriate party for further communication.

Properties Acquired by Fannie Mae After November 25, 2014
For REO properties that were not in Fannie Mae's inventory as of Tuesday, November 25, 2014, an inquiry from the former mortgagor, anyone related to or affiliated in any way with the former mortgagor, or from an occupant or other third party who is attempting to purchase the property, the proper escalation path is to notify the Fannie Mae Asset Manager or the Eviction Attorney. Fannie Mae will evaluate the request to purchase and provide you with instructions. The Fannie Mae Asset Manager will work in conjunction with the Fannie Mae Listing Agent, Eviction Attorney, and interested purchaser to fully explore and address these types of requests.

If Fannie Mae elects to pursue a potential sale that is not a make-whole purchase:
- Listing Agent will receive a welcome letter from AR_Questions@fanniemae.com with instructions to meet the appraiser at the property to do the BPO. The BPO will be completed outside of Equator tasking.
- Listing Agent is to message the completed BPO to the Asset Manager through Equator messaging.
- After values are obtained and if terms are met with occupant, AR_Questions@fanniemae.com will email the Listing Agent a contract template with established contract terms and timeframes. The Listing Agent will then coordinate with the occupant or their attorney to obtain a complete buyer signed contract package (contract requirements are the same as traditional REO sale).
- Listing Agent to send complete buyer signed contract package to Asset Manager via Equator messaging.
- Asset Manager will review contract, and if deemed acceptable, the BPO task will be trigged and Listing Agent will upload their BPO through tasking. Listing Agent can use the previously obtained BPO data to complete the assigned task.
- Once the BPO is uploaded through tasking the Asset Manager will complete the initial marketing plan to move the property in Equator to Available status. At this time the MLS and Homepath tasking will trigger to Listing Agent. Listing Agent is to complete the tasking to clear (using blank doc as needed) but not actually list on MLS.
- Once MLS/Homepath tasking has been completed, Listing Agent will need to immediately enter the offer terms in Equator according to contract template/contract package.
Section 1: Acquisition of Real Estate Owned Properties

- Once offer is accepted in Equator, normal closing procedures and tasking will follow.
- If there is a pending eviction, the communications described in this process should be coordinated through the Eviction Attorney.

**If Fannie Mae elects to pursue a make-whole repurchase by the former mortgagor:**
and it is determined that the former mortgagor is required to pay a price at least equal to the make-whole (payoff) value, we will provide the figures and terms to the former mortgagor. Within these terms, the former mortgagor will be required to provide proof of funds and a 10% non-refundable deposit. No agent commissions will be paid on these transactions.

**Renter/Tenant Purchase**

Upon completion of the Provide Occupancy Status and Tenant Intentions tasks and the property is tenant occupied and the tenant has the intention to remain, the assignment will be referred for property management. If the tenant elects to pursue a purchase, the tenant must first establish a month-to-month lease through the property management company before obtaining the BPO/appraisal or entering into negotiations.

If the tenant currently has a term lease in place and is not willing to convert to a month-to-month lease, there will be no offer negotiations. Converting to a month-to-month lease will allow marketing of the property if the offer negotiations are not successful. Only the tenant is directly eligible to purchase as buyer type “Tenant.” Prior to discussing purchase options with the occupant, follow these steps:

1. Complete the Tenant Intentions task, and then message the Fannie Mae Asset Manager about the tenant’s/renter’s intent to purchase the property. Do not ad hoc this task if in Redemption or Confirmation.
2. Confirm a month-to-month lease is in place and accepted by Fannie Mae. (You will note this in tasking.)
3. The property will be marketed.
4. There is no requirement to wait three days to begin negotiation with a tenant.
5. During marketing, tenants have no “first right of refusal” when an offer is received.

**Listing Agent FAQs**

**What is the "Make-Whole" requirement?**

If a former mortgagor of a Fannie Mae REO wants to buy back the property, Fannie Mae requires them to pay the entire amount that is owed on the mortgage loan ("make whole" funds).
What does this policy change do?
With some limitations, the policy change will allow the former mortgagor or someone acting on their behalf (including non-profit organizations) to buy the property back at market value instead of the "make-whole", provided the home is being purchased as a primary residence for the former mortgagor. The market value of the property is a price ultimately determined by Fannie Mae and represents a price that a willing buyer will pay a willing seller in an "arm's-length" transaction.

What properties are eligible for a sale to the former mortgagor once the value is established by Fannie Mae?
Market value sales to former mortgagors are limited to Fannie Mae's existing REO inventory as of November 25, 2014. A property that is foreclosed upon, or that otherwise enters Fannie Mae's REO inventory after November 25, 2014, will not be eligible for this program and will be subject to the existing "make-whole" requirement.

Only homes that were used as a primary residence for the previous mortgagor are eligible. Second homes and investment properties are ineligible. Certain other properties may also be excluded. Fannie Mae will determine the eligibility upon receipt of the offer.

What are the requirements for participation by former mortgagors?
Former mortgagors must intend to use the property as their principal place of residence. They must secure their own financing or provide proof of funds. Former mortgagors must also sign an affidavit wherein they will commit to occupying the property as their primary residence, even if the purchase is by a relative or other party purchasing on their behalf.

Additionally, if the former mortgagor still lives in the property, they must grant timely access to the property for the purpose of performing a property valuation.

No selling agent commissions, buyer closing costs or incentives, or other fees will be paid on these transactions. A listing agent commission will not be paid if the property is conveyed directly to the former mortgagor.

Potential purchasers, either former mortgagors or third parties acting on their behalf, will be required to produce proof of funds (e.g., loan commitment letter, bank statement, etc.) within 10 days of offer acceptance and close within in 30 days of acceptance. Conveyance will be via Quit Claim deed if purchased by former mortgagor.

What are the requirements for participation by non-profits and others who want to purchase properties on behalf of the former mortgagor?
The requirements for participation are the same for non-profits and others who want and are able to purchase properties on behalf of the former mortgagor.

Who do I contact for more information?
For more information about a specific property situation where the former mortgagor or someone on their behalf has contacted you, send an email to: PublicEntity_REOSales@fanniemae.com. If the property is occupied, send an email to AR_questions@fanniemae.com. Place "REO # _____Owner Buyback" on the subject line. Listing Agents will not participate in transactions that involve a buy back on properties that are not marketed or those where conveyance is directly to the former mortgagor.
If the former mortgagor purchases, will I be paid a commission?

Listing agents will not receive a commission on a sale directly conveyed to the former mortgagor, though the agent will need to submit the former mortgagor offer into Equator in a multiple offer situation. If the former mortgagor offer is selected, the listing will be cancelled and the conveyance to the former mortgagor will be by Quit Claim Deed facilitated by the Fannie Mae assigned attorney.

If I have other offers, do I hold them and only submit the former mortgagor offer?

No, you will follow the standard guidelines for a multiple offer situation and submit all offers into Equator following completion of the Multiple Offer round in HomePath Online Offers.

Do I use the Residential Real Estate Purchase And Sale Contract and Owner Occupant Certification form on these sales?

Standard Fannie Mae contract document requirements will apply. If the former mortgagor or someone acting on their behalf submits a full price offer, are they assured of an accepted offer?

A multiple offer situation may result in a price higher than the list price, so buyers should be prepared to make their best offer.

What will be the response if a buyer submits an offer less than list price?

There is no obligation for Fannie Mae to negotiate a lower price or pay concessions or any costs. Submit the offer and Fannie Mae will review and respond.

What if I am contacted by the media and asked about this policy change?

You are not authorized to speak on behalf of Fannie Mae. Contact PublicEntity_REOSales@fanniemae.com and provide the contact information for the party requesting information. The Public Entity team will escalate to the appropriate team to provide a response.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

Overview

With respect to assessing and maintaining the condition of a Fannie Mae REO property, the agent is responsible for ensuring that appropriate measures are taken in a timely manner. You are accountable for following the processes outlined in this Guide.

In nearly all cases, Fannie Mae requires you to use the approved Field Services Company, assigned on a state-by-state basis, to help assess and maintain the property condition, until the REO sale closes.

This includes HECM properties.

It is your responsibility to work with the Field Services Company. They are engaged by Fannie Mae to provide services required on all properties. You are expected to assist in providing required/important information, property access, and returning phone calls, Equator messages, or emails to these vendors in a timely manner.

Review this section carefully for the HECM icon and purple text which indicates where HECM field services processes differ from non-HECM REO processes.

Field Services Companies

Fannie Mae utilizes a hybrid of local, regional, and national Field Services Companies to perform initial services and ongoing services for any property coming into Fannie Mae’s inventory.

Fannie Mae identified the need for state-to-state maintenance vendors as an improvement area to make the maintenance processes easier for you, and to automate a property’s initial and ongoing maintenance orders. Fannie Mae pays the Field Services Company directly for initial and recurring maintenance services. Doing so allows you to avoid paying maintenance costs in advance and then billing them back to Fannie Mae for reimbursement.

Field Services goal is to provide services to maintain each property in Fannie Mae's inventory at a level of market-readiness both inside and outside of the property, supporting neighborhood stabilization. Fannie Mae contracts with the Field Services Company to maintain the exterior of the property year-round. The vendors are required to keep the exterior of the property free of debris, maintain the lawn, and remove leaves and snow as appropriate. The interior of the property must be kept move-in ready for a prospective buyer. All interior areas are to be clean, free of debris with floors swept, mopped and/or vacuumed as appropriate. In addition, safety hazards are to be addressed and remediated when possible (e.g., fixing a loose step, removing broken glass, repairing a minor plumbing leak, or capping a loose wire). Additional details of services may be found in the Field Services Checklists.

Fannie Mae assigns Field Services Companies in every state except for Guam. The Field Services Companies Fannie Mae utilizes are:

- Altisource
- Assero Services
- Asset Preservation
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

- Brookstone
- Crown Field Services
- Cyprexx
- First Allegiance
- GTJ
- Precision Field Services
- Safeguard Properties
- Sentinel Field Services

- Five Brothers
- Single Source

Based on the state (and in some instances the county) in which the property is located, Fannie Mae assigns a Field Services Company in Equator. You are required to use the designated Field Services Company on your assigned properties for initial/ongoing maintenance.

During the Pre-6MMTP, the assigned HECM Field Services Company will perform services, such as re-key, that are beyond the scope of the other Field Services companies. Review the Equator Expense Classification Guide for Line Items that may be coordinated with the HECM Field Services Company. You will be tasked with completing the Re-key Secondary Door task.

Note: At this time, Guam is the only territory where there is no Field Services Company assigned and the listing agent is responsible for all property maintenance work. The Equator Expense Classification Index for Listing Agent Reimbursement in Section 12: Resources contains pre-approved expense allowances for these states, and you must obtain approval if the expense exceeds those amounts.

The following table lists Field Services companies by state, as of 11/01/2019. Vendor and state assignments are subject to change. Always check the Equator Role Assignment in messaging to confirm the assigned Field Services Company.

**Table 8: Field Services Deployments**

<table>
<thead>
<tr>
<th>State</th>
<th>Vendor Responsible for Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>All HECM properties located in: DC, DE, FL, IA, IL, IN, KS, LA, MA, MD, ME, MI, MN, MO, ND, NE, NH, NJ, OH, OK, RI, SD, TX, WI, VT</td>
<td>Five Brothers</td>
</tr>
<tr>
<td>All HECM properties located in: AK, AL, AR, AZ, CA, CO, CT, GA, HI, ID, KY, MS, MT, NC, NM, NV, NY, OR, PA, PR, SC, TN, UT, VA, VI, WA, WV, WY</td>
<td>SingleSource</td>
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## Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

<table>
<thead>
<tr>
<th>State</th>
<th>Vendor Responsible for Service</th>
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<tbody>
<tr>
<td>ALABAMA</td>
<td>AL Cyprexx</td>
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<td>ALASKA</td>
<td>AK Safeguard</td>
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<td>ARIZONA</td>
<td>AZ Asset Preservation</td>
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<td>ARKANSAS</td>
<td>AR Cyprexx</td>
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<td>CALIFORNIA</td>
<td>CA Sentinel</td>
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<td>COLORADO</td>
<td>CO Sentinel</td>
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<td>DELAWARE</td>
<td>DE Assero Services</td>
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<td>FLORIDA</td>
<td>FL Cyprexx</td>
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<tr>
<td>GEORGIA</td>
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<td>KANSAS</td>
<td>KS Asset Preservation</td>
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<td>KENTUCKY</td>
<td>KY Precision Field Services</td>
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<td>NM Asset Preservation</td>
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<td>NY Assero and Brookstone</td>
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<td>NORTH CAROLINA</td>
<td>NC Altisource</td>
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### Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

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<td>DISTRICT OF COLUMBIA</td>
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<td>VIRGIN ISLANDS</td>
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<td>PUERTO RICO</td>
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<td>GUAM</td>
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Fannie Mae Listing Agent Responsibilities for Field Services

In addition to responsibilities previously identified, responsibilities of the agent and the Field Services Company include:

- As previously indicated, you must confirm that the property address is complete and correct before posting or re-keying. Ensure the complete and correct address shows in the system, including all unit numbers. The Field Services Company is not allowed to perform services on properties where a portion of the address is missing or incomplete.

- Identify, report, and communicate property conditions, including any environmental issues or safety hazards to both Fannie Mae and the assigned Field Services Company. Follow all processes for environmental issues or safety hazards outlined in this Guide.

- Services will not be performed by the Field Services Company unless a task is ad hoc’d with your request. Using Equator Messaging to order services is not acceptable.

- If local ordinance requires a property owner to maintain a sidewalk, in whole or in part, identify, report and communicate trip and other sidewalk safety hazards to Fannie Mae.

- Once you complete the Re-Key task, services for the property are triggered. Only the appropriate services (such as exterior services or winterization) will trigger for properties in redemption, confirmation or identified with personal property.

- Message the Field Services Company of any special requests, items to remain on the property, information on the property (i.e. unit number, gate codes), or if you notice a change in the status of the property that may prohibit or hinder access. Also, review the Equator Field Services training module, as you have several deliverables you can ad hoc to the Field Services Company.

- Manage sprinkler systems/lawn watering through independent contractors to avoid violations.

- Complete the Broker Sign-Off task within three days of notification that the Field Services Company completed the initial services.

- Ad hoc the Request Additional Services - Agent task and select Preventative Boarding if the property requires temporary wood boarding. (If preventative boarding is needed due to natural disaster/weather, do not utilize the Field Services Company; instead, contact a local contractor.) If boarding is to remain at the property and repairs are not planned, ad hoc the Request Additional Services - Agent task and select Clear Boarding. If boarding is required for security purposes, clear boarding is the preferred material choice for boarding.

- If there are additional items that the Field Services Company recommends, and/or you would like to have a bid for, you must ad hoc the Request Additional Services - Agent task. Any items that you agree should be completed by Field Services will escalate to the Asset Manager for review. If approved, the item(s) will trigger as deliverables to the vendor. Do not submit if the services require a 1093 (repairs over $500) or if the services are necessary but can be done less expensively using local contractors. Do not submit if the items you are requesting are part of the services already provided by the Field Services Company such as shrub trimming, interior cleaning, grass cuts, snow removals, etc.
• On weekly property inspections, ensure all debris/mailings/door drops are removed from entry-way/porch area. If during your inspection, you observe any service deficiencies or if a service is required immediately (i.e., grass cut), contact the Field Services Company immediately to have service performed or issue resolved.

• For winterization, de-winterization and re-winterization requests containing dry-heat systems only, ad hoc the Request Additional Services - Agent task and select the required service. Provide all comments for the Field Services Company within the task. Follow up via Equator messaging if services have not been performed after 48 hours.

   **Note:** If the property contains a wet heating system, you are responsible for the winterization and de-winterization of the property. The Field Services Company is not responsible for the winterization services when the property contains a wet heating system therefore do not ad hoc any winterization or de-winterization services.

• Initial services are triggered on a 2-4 family property as each unit becomes vacant. For example, if you have a duplex where unit 1 is vacant and unit 2 is occupied, only services for unit 1 are opened with the Field Services Company. If the property is tenant-occupied, and any maintenance service is required; contact the Property Manager.

• In a 2-4 family property, tenant occupied units are the responsibility of the Property Manager. Vacant units are serviced by the Field Services Company. Coordinate any urgent trash/debris removal as required by state statutes with the Field Services Company upon lockout following an eviction.

• Obtain bid(s), and Fannie Mae Asset Manager approvals, before doing any work that is not covered in the Field Services process. Use local vendors when performing work outside the scope of Field Services if it can be done less expensively.

• As previously indicated, you must confirm that the property address is complete and correct before posting or re-keying. Ensure the complete and correct address shows in the system, including all unit numbers. The assigned HECM Field Services Company is not allowed to perform services on properties where a portion of the address is missing or incomplete.

• Identify, report, and communicate property conditions, including any environmental issues or safety hazards to both Fannie Mae and the HECM Field Services Company. Follow all processes for environmental issues or safety hazards outlined in this Guide.

• Once you complete the Re-Key Secondary Door task, the appropriate services (such as exterior services or winterization) will trigger for properties in redemption, confirmation or identified with personal property.

• For properties that are not in redemption, confirmation or identified with personal property, once the HECM Field Services Company completes the Re-Key-HECM deliverable, services for the property are triggered.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

- Message the assigned HECM Field Services Company of any special requests, items to remain on the property, information on the property (i.e. unit number, gate codes), or if you notice a change in the status of the property that may prohibit or hinder access.

- Complete the Broker Sign-Off task within three days of notification that the HECM Field Services Company completed the initial services.

- HECM properties are not eligible for Clear Boarding.

- On weekly property inspections, ensure all debris/mailings/door drops are removed from entry-way/porch area. If during your inspection, you observe any service deficiencies or if a service is required immediately (i.e., grass cut), contact the HECM Field Services Company immediately to have service performed or issue resolved.

- For de-winterization requests for inspections, you are required to complete the Buyer’s Inspection – De-Winterization Request form located in the Listing Agent Resources Directory. This form must be completed at least 48 hours prior to the scheduled inspection date. The completed form must be provided to the Field Services Company through Equator messaging. Initial services are triggered on a 2-4 family property as each unit becomes vacant. For example, if you have a duplex where unit 1 is vacant and unit 2 is occupied, only services for unit 1 are opened with the HECM Field Services Company. If the property is tenant-occupied, and any maintenance service is required; contact the Property Manager.

- In a 2-4 family property, tenant occupied units are the responsibility of the Property Manager. Vacant units are serviced by the HECM Field Services Company. Coordinate any urgent trash/debris removal as required by state statutes with the HECM Field Services Company upon lockout following an eviction.

- Obtain bid(s), and Fannie Mae Asset Manager approvals, before doing any work that is not covered in the HECM Field Services process. Use local vendors when performing work outside the scope of Field Services if it can be done less expensively.

- Coordinate requests for additional services with the HECM Field Services Company.

- Document messaging in Equator.

- Use the Equator Expense Classification Index located in the HECM Resources section of the Listing Agent Resources Directory to determine items required to be completed by the HECM Field Services Company depending on the status of Marketable Title.
Field Services Company Responsibilities

Initial Services

The Field Services Company is to perform the initial services listed below within seven (7) days of assignment. You should not receive bids, and you should not ad hoc to request services on any of the following items.

- Removal of all trash and debris-interior and exterior.
- Winterization, in season and where geographically required.

**Note:** If the property contains a wet heating system, you are responsible for the winterization and de-winterization of the property. The Field Services Company is not responsible for the winterization services when the property contains a wet heating system therefore do not ad hoc any winterization or de-winterization services.

- Exterior maintenance or snow removal services.
- Replacement of missing/broken/burned out light bulbs on first level of the exterior.
- Boarding of property (as appropriate) – this includes use of the Clear Boarding product in all states.
- Interior cleaning.
- Installation of battery-operated smoke and carbon monoxide detectors per local/state regulations.
- Replacement of any inoperable sump pump.
- Replacement of missing/broken/burned out interior light bulbs.
- Air fresheners dated and placed in each wet area (bathroom, kitchen, laundry room, etc.)
- Removal of vehicles (when legally allowed.)
- Identify and resolved exterior and interior safety hazards.
- Perform a Landscaping Package and/or Roof & Gutter Package and/or Window Clean Package as warranted, as well as weather season/conditions allow. The Field Services Company will only perform the Window Clean Package if ad hoc’d by the Agent.

- Perform the following select services if warranted, as well as weather season/conditions allow, within allowables the Field Services companies have been provided:
  - **Gutter Repair** – For gutters requiring reattachment and/or replacement of missing parts. This is not to install gutters where none have ever been. If the scope of work exceeds the authorized amount for the Field Services Company, you will be informed to ad hoc the **Scope Repairs (Agent)** task for bids. The bid will then be routed to a SAM contractor or come to you to obtain a bid locally.
  - **Fence Repair** – To ensure fences are secure, gates can close, etc. This is not for fence replacement. If the scope of work exceeds that authorized for the Field Services Company, you will be informed to ad hoc the **Scope Repairs (Agent)** task for bids.
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- **Exterior Door Replacement** – Used to replace missing exterior doors and/or inoperable doors that will not secure in order to protect and eliminate access to the interior of property. If the scope of work exceeds that authorized for the Field Services Company, you will be informed to ad hoc the **Scope Repairs (Agent)** task for bids.

- **Wooden Step Repair** – Used to repair missing or broken wooden exterior steps. Also used to repair missing or broken unfinished, raw wood interior steps, typically found in a basement setting.

- **Shutter Reattachment** – Used to re-secure and reattach hanging or fallen shutters. This is not to replace shutters that are missing or broken.

- **Exterior Deck Repair** – Used to repair any section of the deck that is missing, warped, deteriorated and/or that creates a tripping or safety hazard. This is not to replace the deck or provide staining, etc. If the scope of work exceeds that authorized for the Field Services Company, you will be informed to ad hoc the **Scope Repairs (Agent)** task for bids.

- **Handrail Repair/Installation – Interior and Exterior** – Used to replace missing or damaged interior and/or exterior handrail that are required by code. If the scope of work exceeds that authorized for the Field Services Company, you will be informed to ad hoc the **Scope Repairs (Agent)** task for bids.

- **Garage Door Securing** – Used to secure all openings on the garage door itself, such as a missing panel. Missing section to be boarded and painted. This is not to install a new garage door. However, if entire door is missing and not to be replaced by the Agent, it will be boarded and painted.

- **Window Pane Repair/Re-glazing** – Used to avoid unnecessary boarding and is to resolve quick repairs for minor glass replacement. This is often found for single paned windows. If window is unable to be re-glazed, Clear Boarding is used. If your intent is to repair the window, inform the Field Services Company that Clear Boarding is not necessary.

- **Graffiti Removal – Interior / Exterior** – Used to cover up all graffiti markings on the exterior of the property, and all “offensive” graffiti markings on the interior walls. To cover graffiti, a primer type product will be used for the interior, and the Field Services Company will try to match paint color to the exterior. If the scope of work exceeds that authorized for the Field Services Company, you will be informed to ad hoc the **Scope Repairs (Agent)** task for bids. The bid will then be routed to a SAM contractor or come to you to obtain a bid locally.

- **Doorbell Ringer Replacement/Reattachment** – Used to reattach or replace any missing or broken doorbell ringers. This is not to install a doorbell or make the doorbell ring.

- **Exterior Light Repair/Replacement (Entry Areas)** – Used to replace any broken or missing (wires exposed) exterior lights to all entry areas of the property.

- **Mosquito Prevention** – Used to provide a mosquito prevention product to any non-functioning/inoperable pools, covered pools where water may be collecting, and stagnant water sources such as ponds, fountains, etc. where mosquitos could breed. This is not intended to treat or spray areas or repair the water source. Agents are expected to consult with their Asset Manager for direction on how to resolve potential issues the Field Services Company is not allowed to remediate or perform.
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- **Basement Moisture Control** – Used to ensure basements in Fannie Mae properties stay as dry as possible and thus reducing or eliminating the potential for foul, musty odors or possible discoloration. The Field Services Company will provide a moisture control product in all basements, and based on certain property conditions and activated utilities, may place a dehumidifier in the basement that will remain with the property.

You will receive the **Broker Sign-Off** task when the initial services are complete. The Broker Sign-Off is required to be completed by the Agent to inform Fannie Mae about the quality of the services provided by the Field Services Company. Be sure to read each question within the Broker Sign-Off to ensure you are providing accurate information on the performance of the services and any deficiencies found during your inspection of the initial services work. More information can be found about the Broker Sign-Off within this section.

**HECM Initial Services**

The HECM Field Services Company is to perform the initial services listed below typically within twenty-one (21) days of assignment. You should not receive bids, and you should not ad hoc to request services on any of the following items.

- Removal of all trash and debris-interior and exterior.
- Winterization, in season and where geographically required. This includes both wet and dry heating systems.
- Exterior maintenance or snow removal services.
- Boarding of property (as appropriate) – Use of the Clear Boarding product is not used on HECM properties.
- Interior cleaning to broom-swept condition based on HUD requirements.
- Installation of battery-operated smoke and carbon monoxide detectors per local/state regulations.
- Replacement of any inoperable sump pump.
- Removal of vehicles (when legally allowed.)
- Identify and resolved exterior and interior safety hazards.
- Gutter cleaning, replacement, and repair – For gutters requiring cleaning, reattachment and/or replacement of missing parts. This is not to install gutters where none have ever been.
- Fence repairs to ensure fences are secure, gates can close, etc. This is not for fence replacement.
- Replace missing exterior doors and/or inoperable doors that will not secure in order to protect and eliminate access to the interior of property.
- Replace missing or damaged interior and/or exterior handrail that are required by code.
- Repair, replace and secure all openings on the garage door itself, such as a missing panel. Missing section to be boarded and painted. This is not to install a new garage door. However, if entire door is missing and not to be replaced by the Agent, it will be boarded and painted.
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- Window Re-glazing – Used to avoid unnecessary boarding and is to resolve quick repairs for minor glass replacement. If window is unable to be re-glazed, the opening will be boarded.

You will receive the Broker Sign-Off task when the initial services are complete by the HECM Field Services Company. The Broker Sign-Off is required to be completed by the Agent to inform Fannie Mae about the quality of the services provided by the HECM Field Services Company. Be sure to read each question within the Broker Sign-Off to ensure you are providing accurate information on the performance of the services and any deficiencies found during your inspection of the initial services work. More information can be found about the Broker Sign-Off within this section.

Ongoing Maintenance

The Field Services Company is to perform the ongoing services listed below. You should not receive bids, and you should not ad hoc to request services on any of these items.

- Monthly maid service/interior clean
- Exterior maintenance every seven (7) days regardless of season
- Snow removal services after a minimum of three (3) inches of snowfall, as needed per local code or within two (2) days
- Emergency securing / boarding
- Removal of additional debris
- De-winterize and re-winterize properties containing dry-heat systems upon your request

**Note:** If the property contains a wet heating system, you are responsible for the winterization and de-winterization of the property. The Field Services Company is not responsible for the winterization services when the property contains a wet heating system therefore do not ad hoc any winterization or de-winterization services.

- Perform the following select services if warranted, as well as weather season/conditions allow, within allowables the Field Services Company has been provided:
  - Gutter Repair
  - Fence Repair
  - Exterior Door Replacement
  - Wooden Step Repair
  - Shutter Reattachment
  - Exterior Deck Repair
  - Handrail Repair/Installation – Interior and Exterior
  - Garage Door Securing
  - Window Pane Repair/Re-glazing
  - Graffiti Removal – Interior / Exterior
  - Doorbell Ringer Replacement/Reattachment
  - Exterior Light Repair/Replacement (Entry Areas)
  - Mosquito Prevention
  - Basement Moisture Control
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

Details of all the services in this section can be found in the Field Services Checklist.

The Field Services Company is also to identify and repair all safety hazards during initial and ongoing services. The safety hazard repair completed by the Field Services Company, such as placing a 2x4 for a railing, may not enhance the marketing and may require a further bid by a contractor for optimal marketing. If you identify any health or safety hazards prior to the completion of initial services, notify the Field Services Company through Equator messaging. Restrict access until the issue is resolved.

While most safety issues are automatically remediated by the Field Services Company without the need for approval, it is possible that the curative action is more complex, requiring the submission of a repair bid. You will need to ad hoc the Scope Repairs (Agent) task for bids.

HECM Ongoing Maintenance

The HECM Field Services Company is to perform the ongoing services listed below as required by the HUD Mortgagee Letter. You should not receive bids, and you should not ad hoc to request services on any of the following items.

- Grass cuts performed based on Mortgagee Letter grass cut schedule
- Snow removal services after a minimum of three (3) inches of snowfall, as needed per local code or within two (2) days
- Emergency securing / boarding
- Removal of additional debris
- De-winterize and re-winterize properties upon your request
- Perform the following select services if warranted:
  - Gutter Repair
  - Fence Repair
  - Exterior Door Replacement
  - Handrail Repair/Installation
  - Garage Door Securing
  - Window Re-glazing

The HECM Field Services Company is also to identify and repair all safety hazards during initial and ongoing services. The safety hazard repair completed by the HECM Field Services Company, such as placing a 2x4 for a railing, may not enhance the marketing and may require a further bid by a contractor for optimal marketing. If you identify any health or safety hazards prior to the completion of initial services, notify the HECM Field Services Company through Equator messaging. Restrict access until the issue is resolved.
Field Services Checklist

The following Field Services Checklist shows the duties the Field Services Company is expected to perform during their services. These checklists are not inclusive but should provide you with the high-level expectations Fannie Mae requires at each property.

The assigned HECM Field Services Company will perform initial services in compliance with HUD guidelines. However, if the expense falls outside of the HUD allowable amount, the HECM Field Services Company will have to wait for approval to perform the service. Confirm with the HECM Field Services Company the status of service performance if not done within 21 days of re-key. If the time becomes excessive or if health and safety issues exist that are not addressed, contact the Asset Manager.

An asterisk (*) next to services below indicate the service or a portion of the service is performed in HECM properties.

Initial Services and Monthly Maid Services Checklist

Fannie Mae always expects each property to look its best and be in “market ready” condition. All steps in the checklist below are all required and are part of the services Fannie Mae expects to be performed and maintained by the Field Services Company at each property.

**Entry Way:**
- Floor swept*/mopped
- Cobwebs removed from corners/ceiling
- Baseboards, walls wiped down
- Light fixtures, switch and outlet covers wiped down
- Storm door glass cleaned

**Living Room/Family Room/Bedrooms/Enclosed Porch:**
- Floor swept*/mopped or carpet vacuumed
- Cobwebs removed from corners/ceiling
- Baseboards, walls wiped down
- Light fixtures, switch and outlet covers wiped down
- Interior windows clean, window sills wiped off
- Door frames free of dust
- Fireplace cleaned out (if applicable)
- Ceiling fan blades clean
- Closet floors swept/mopped or carpet vacuumed

**Kitchen:**
- Sink cleaned
- Stove/oven, microwave, dishwasher, refrigerator cleaned* (inside and out). Appliances not to be removed without your permission and documentation.
- Floor swept* and mopped
- Interior windows cleaned, window sills wiped off
• Counters clean
• Cabinets and drawers cleaned and debris removed*
• Cobwebs removed from corners/ceiling
• Baseboards, walls wiped down
• Light fixtures, switch and outlet covers wiped down
• Ceiling fan blades clean

**Bathrooms:**
• Floor swept*/mopped or carpet vacuumed
• Cobwebs removed from corners/ceiling
• Baseboards, walls wiped down
• Light fixtures, switch and outlet covers wiped down
• Interior windows clean, window sills wiped off
• Door frames free of dust
• Sinks and faucets clean
• Toilets clean*
• Tub/shower and surrounding area clean, free of any dust
• Mirrors, cabinets, drawers, shelves clean

**Attic/Crawl Space:**
• Free of all debris*

**Garage/Porches/Deck Areas/All Paved Surfaces:**
• Swept free of debris*
• All leaves, sticks, and any other debris removed*
• Cobwebs removed from corners/ceiling, if applicable

**Additional Items:**
• Remove all old servicer stickers and notices at initial services.
• Cover offensive interior graffiti.
• Ensure sump pump check valve is operational.
• Replacement of inoperable sump pump.
• Replacement of any missing, damaged or non-functioning light bulb.
• Ensure all smoke/CO detectors are not chirping and have batteries. All batteries must be changed or replaced when unit is beeping.*
• Ensure all safety issues are addressed (see Safety Hazard Checklist). *
• Provide service-dated air fresheners in all wet areas (bathroom, kitchen, laundry room, etc.).
Safety Hazard Checklist

When performing services during initial and ongoing visits on all Fannie Mae properties, each Field Service Company is asked to immediately check for common safety hazards that may be found in the interior or exterior. Some of the common safety hazards the Field Service Company is asked to remediate include:

**Windows/Doors:**
- Remove any broken glass.*
- Secure* and/or clear board any exposed windows, doors or openings. You must contact the Field Services Company immediately if you have ordered or intend to order repairs so that Clear Boarding is not utilized. IMPORTANT: Respond quickly to the Field Services Company if contacted to confirm your intent to repair.
- Replace all missing/broken exterior doors which provide access to interior of the property.*

**Electrical Items:**
- Secure or replace missing or damaged switch plates or outlet covers.*
- Replace missing electrical panel covers.
- Cap all exposed wiring.*
- Replace missing, broken or non-functioning light bulbs.
- Secure loose light fixtures and ceiling fans.

**Stairways:**
- Replace or secure missing or broken steps.*
- Replace or secure missing or loose handrails.*

**Floors:**
- Replace or secure missing floor vent covers or open holes*.
- Remove or secure all indoor trip hazards.*
- Remove exposed carpet tack strips and nails.*

**Porch/Deck/Patio:**
- Replace or secure missing or loose steps.
- Replace or secure missing or loose handrails.*

**Exterior:**
- Fill large, open holes in ground with dirt.
- Repair any trip hazards (wiring or similar items at low level).*
- Replace missing, broken or non-functioning light bulbs on first level of the exterior of the property.
- Replace missing/broken light fixtures at all exterior entries to the property.
- Provide minor gutter repairs*, minor deck repairs, paint over exterior graffiti, and reattach hanging shutters when needed.
- Ensure perimeter fence is stable and all gates are locked (Agents are required to secure gates during re-key).* Provide minor fence repairs, if necessary.* Replacing fence is a bid item and requires a scope of repairs for the 1093 process.
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**Pool/Spa:**
- Remove above ground pool when Agent requests. Provide instruction to remove before Field Services Company performs initial services.*
- Ensure hot tub/spa is drained and covered if no fence is present. (Field Services Company will provide a bid for this item.)*

**Interior/Exterior Wall:**
- Remove all hooks and/or nails from doors, walls or ceilings when below eight (8) feet.*
- Secure loose cabinets, cabinet doors, drawers or countertops.*

**Winterization (during season):**
- Post appropriate winterization stickers and zip tie the water shutoff valve.*

**Additional Items:**
- Cap exposed gas and/or water lines with correct type of cap and cap size.*
- Install battery-operated CO and smoke detectors (per local code).*
- Strap water heaters (Performed only in CA, WA or where state or local ordinances apply).*
- Secure out-buildings with combination pad lock, if missing.*

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**Exterior Services Checklist**

Fannie Mae expects each property’s exterior to be in compliance with local codes and ordinances year round, as well as the exterior to look its best to remain competitive in the market. Exterior Service visits must occur every seven (7) days. During this visit, the Field Services Company must walk entire property exterior and perform the following services as conditions exist, regardless of season:

- Pick up and removal of trash/debris.*
- Cut grass* and remove clippings from sidewalks, driveways and lawns (front, sides, rear, etc.)*
- Weeds/overgrowth trimmed from fence lines, foundation of home and other structures, driveways and flower beds without damaging existing plants or flowers.*
- Remove all non-decorative vegetation attached to structure (including hanging vines.)*
- Edge all driveways, walkways and sidewalks.*
- Trim all shrubs and small ornamental trees on the entire property to appropriate levels for the structure, and ensure overgrown shrubs are trimmed from all exterior entrances and walkways.*
- Remove all shrub and grass clippings, fallen leaves/tree limbs, dead shrubs/plants/small ornamental trees from the property.*
- Clear all walkways and sidewalks of clippings and dirt.
- Knock down, remove, and treat all weeds in all rock-scaped areas.*
- Ensure all debris*/mailings/door drops/cobwebs are removed from all way/porch areas.
- Ensure all real estate signage is properly secured and showing appropriately upon departure.*
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

NOTE: Listing Agents must direct and provide approval and frequency of cutting to the Field Services Company on all properties with greater than one (1) acre of lawn.

Snow Removal Checklist

Fannie Mae expects all snow removal to be in compliance with all local codes and ordinances. Snow removal service includes:

- Remove snow/ice from all entries and paths to the property to ensure access to all lock boxes.*
- Remove snow/ice from steps, driveway, and walkways, including sidewalk in front of property and ensure access to parking area (garage, carports, etc.). Snow/ice may not be pushed up to the property or garage blocking access.* Apply salt or melting agent on all cleared areas including steps, driveway, and walkways, including sidewalk in front of property.

NOTE: If snow is present on the roof of a property, the Field Services Company is not expected to remove. Listing Agent can request a bid for roof snow removal or have work completed by a local service provider.

Window Replacement and Clear Boarding

The Field Services Company is required to secure all openings found unsecured following several methods, including Clear Boarding or window reglazing, depending on various property situations.

As soon as you observe a broken window(s), whether upon initial inspection or later, if you intend to replace the window(s), immediately call the Field Services Company using the contacts on the Quick Reference Guide and notify them not to Clear Board the property. Then follow up by messaging the Field Services Company. Communication is key to avoiding unnecessary expenditures.

If window replacement is necessary, you must act quickly to accomplish the repair. For window replacement expected to be greater than $500, immediately ad hoc the Scope Repairs (Agent) task. If you have contacted a local window company, select the Sub-Category of Carpentry - Window - Glass replacement or Carpentry - Window - Complete Replacement and then select the Service type of Remove. Selecting a Service type of Repair or Replace will send this down the SAM path.

For total window costs $500 or less, the cost is eligible for Expense Reimbursement under the Category - Repairs and Reason Code - Repair - Windows/Screens/Door Repair.

Clear Boarding is not performed during Pre- or Post-6MMTP. During the Pre-6MMTP, the assigned HECM Field Services Company will board in compliance with HUD guidelines.

If a Field Services Company is assigned to the property, you must utilize this vendor for all contracted services (initial services, cleaning, debris removal, boarding, lawn maintenance, etc.). Using another vendor to perform services the Field Services Company already provides to Fannie Mae may jeopardize your reimbursement. Contact the Fannie Mae Asset Manager immediately if you are unsure which services are reimbursable.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

Services Not Included

The Field Services Company may provide you with a bid for services that are not part of their scope of service, as stated above. If you do receive a bid, and feel the service is necessary, or if you have requested a bid from the Field Services Company, you must go to the Fannie Mae Asset Manager for approval of the special services, and the respective pricing. You are not required to submit the bid for approval if there is a SAM vendor, or other local vendor, that can perform the same work for a lesser cost. If the bid is awarded to the Field Services Company, the Fannie Mae Asset Manager must approve the expense in Equator. Fannie Mae pays the Field Services Company directly. If you use a different vendor, it is your responsibility to seek reimbursement through the expense process.

Field Services Company Bid Items

Some items that a property might need, and which a Field Services Company may bid on, include:

- Fence repairs greater than $300
- Weed pulling
- Carpet cleaning
- Carpet removal*
- Tree removal
- Shed removal
- Dehumidifiers

Reminder: Use local vendors when performing work outside the scope of Field Services if it can be done less expensively.

* Carpet removal is included with new carpet installation. Do not order removal unless the existing carpet poses a health and safety issue while waiting on repairs.

The HECM Field Services Company will request the appropriate HUD approvals, as required on any of the items listed above. Continue to communicate with the HECM Field Services Company regarding the status of approval. If not approved, contact your Asset Manager if you believe the service is necessary or if non-performance will result in a marketability or safety issue.

Field Services Packages Available

The Field Services companies will perform the Landscaping Package and/or the Roof & Gutter Package on properties during initial services if the services are warranted and/or the weather conditions allow. At any time after Initial Services, you can ad hoc these packages where you and your Asset Manager determine it would be beneficial in the marketing of that property. The Field Services Company will only perform the Exterior Window Clean Package if you ad hoc tasking. This is no longer performed at Initial Services.

1. Landscaping Package – remove weeds and clean all shrub/flower beds viewable from the street, apply mulch, prune shrubs, etc.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

2. **Roof & Gutter Package** – clear out leaves and debris out from the property's gutters, clean leaves off roof, and cut tree branches touching the roof
3. **Exterior Window Clean Package** – clean all exterior windows, screen tracks, exterior frames, edges, and sills.

Use of any of the Field Services Packages will require Asset Manager approval before the task is assigned to the Field Services Company. For landscaping needs beyond the standard Landscaping Package, you must obtain a bid using Additional Services tasking or obtain a bid from a local contractor. An example of this would be shrub/flower beds in the back yard that require the same service as a Landscape Package (which is only for the front area visible from the street).

The Field Services Packages listed above are not to be performed on HECM properties.

**Items Field Services Company May Not Bid For**

- HVAC Systems – includes repairs, filters, thermostats, etc.
- Hardwiring of smoke/carbon monoxide detectors and/or alarm systems
- Replacement of entire fence or deck
- Roof replacement
- Any interior rehab work
- Pool services – initial pool start up, chemical management, pool winterization and/or ongoing services
- Environmental remediation
- Exterminations / pest control
- Sprinkler system installs and sprinkler winterization
- Septic/well services/repairs and related winterizations
- Any services requiring licenses which are not possessed by the individuals performing the work

Do not request a bid from the Field Services Company for any of the above services. The Field Services Company is not allowed to perform the work noted above, even if you request the work. All repairs over $500 must follow the bid process detailed in **Section 6: Managing the Bid and Repair Process**.

The HECM Field Services Company can perform many of the services listed above with the exception of interior rehab work, as well as sprinkler system installs and sprinkler winterizations. Contact the HECM Field Services Company if the above services are required.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

Initial Maintenance
You are responsible for making sure that all initial maintenance on a property is performed. You must check all the work performed, and ensure that the services are satisfactorily performed, whether they are performed by a Field Services Company, SAM, or other local vendors.

The initial maintenance services require that the property re-key precedes the services. Initial services are NOT ordered until you complete the Re-Key task. You must make sure all properties are re-keyed following Fannie Mae’s instructions and required codes, so the Field Services Company has access to the property for initial maintenance duties.

Requesting Additional Services Through Tasking
All additional services performed by the Field Services Company, other than the exclusions noted below should be addressed through tasking and not through messaging for approval.

To begin the process, you must be the one to ad hoc and start the Request Additional Services - Agent tasking. If the Field Services Company has an additional service they want the agent to consider, they will message or call you to discuss, and then you will ad hoc the task if the service is eligible and necessary. Do not ad hoc a bid request for services already contracted and provided by the Field Services Company.

The Field Services Company will then provide a bid for you and your Asset Manager to consider. The bid should only be approved for services to be completed if the services are necessary and the bid is cost effective. If the work is necessary but can be done for less using a local contractor, you must submit a bid for Pre-Approval through the Equator Invoicing Workstation.

Review the Equator Expense Classification Index for items that are optional for performance by the Field Services Company. Any service not within the scope of the Field Services Company that requires a bid, will require two bids if over $1,000. Services such as tree removal may be performed for less cost by local companies.

If the bid received from the Field Services Company is indeed a repair and is over $500, you must reject. This includes dehumidifiers! You must ad hoc the Scope Repairs (Agent) task using the standard repair process. The Field Services Company will not be paid directly by Fannie Mae for 1093 repairs.

Field Services Process for Vacant Properties
When you receive the order from Fannie Mae, you must inspect the property and report occupancy within two days of assignment to determine occupancy.

If you determine that the property is vacant of people and personal property, complete the following actions.

Table 9: Field Services Actions for Vacant Properties
### Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

<table>
<thead>
<tr>
<th>Actions</th>
<th>Agent</th>
<th>Field Services Company</th>
<th>HECM Field Services Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Re-key all doors.</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Provide initial lock box. Code the lock box with Fannie Mae’s code.</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Follow the instructions in Section 1 for re-key and lock box codes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete <strong>Determine Units, Provide Occupancy Status, Personal Property Evaluation, and Re-Key tasks.</strong> <em>For HECM assets, the agent will complete Re-Key Secondary Door task, while the HECM Field Services Company will complete Re-Key – HECM task.</em></td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Identify, report, and communicate property conditions, including any environmental issues or safety hazards to both Fannie Mae and the Field Services Company.</td>
<td>✓</td>
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<tr>
<td>Turn on, and/or transfer, the property utilities unless it is unwarranted or unsafe to do so.</td>
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<tr>
<td>Communicate to Field Services Company if there is intent to repair or re-glaze any missing or broken window(s). This will assist with Fannie Mae boarding requirements.</td>
<td>✓</td>
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<tr>
<td>Notify the Field Services Company of any special requests, items to be removed from or to remain on the property, information on the property (i.e. unit number, gate codes), if the property is frozen or has identifiable freeze damage, or if you notice a change in the status of the property.</td>
<td>✓</td>
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<tr>
<td>When <strong>Re-Key</strong> task is complete, the Field Services Company is notified to complete initial services on the property, including trash and debris removal, winterization (in season), exterior services (lawn maintenance and snow removal), and ongoing maintenance services. Appropriate services for exterior and winterization will trigger if property is in redemption/confirmation.</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>The Field Services Company follows a Fannie Mae-provided safety hazards checklist and makes repairs where possible. This checklist includes items such as capping exposed wires, securing loose steps and handrails, replacing inoperable sump pumps, installing battery-operated smoke and carbon monoxide devices where required by code, replacement of chirping batteries, and removing broken glass. Hardwired</td>
<td>✓</td>
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</tbody>
</table>
## Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

<table>
<thead>
<tr>
<th>Actions</th>
<th>Agent</th>
<th>Field Services Company</th>
<th>HECM Field Services Company</th>
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</thead>
<tbody>
<tr>
<td>Smoke and carbon monoxide detector replacement is an agent responsibility.</td>
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<tr>
<td>The Field Services Company has 7 days from the time Re-Key is entered to complete all of the initial services. (HECM Field Services Company typically has up to 21 days to complete initial services.)</td>
<td>✓</td>
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<tr>
<td>Inspect the property to ensure all initial services are completed to Fannie Mae’s satisfaction. (HECM properties are to be in broom-swept condition.)</td>
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<tr>
<td>Complete the Broker Sign-Off task as instructed in the Broker Sign-Off Requirements section within three days of task notification.</td>
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<tr>
<td>Return to the property, inspect the services, and/or address any services that do not pass the Broker Sign-Off.</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>On Weekly Property Inspection tasks once vacant. Inspections to include:</td>
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<tr>
<td>• Taking date-stamped photos for verification of any condition changes</td>
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<tr>
<td>• Confirming that property is secure and locked</td>
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<tr>
<td>• Confirming that keys are present in lock box</td>
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<tr>
<td>• Ensuring company signs are posted and marketing materials are present</td>
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<tr>
<td>• Ensuring all debris/mailings/door drops are removed from entry-way/porch area.</td>
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Follow all expectations detailed in the REO Sales Guide.
Materials Used in Staging Properties
If you receive approval to stage a property, it is your responsibility to immediately message the Field Services Company role in Equator and describe the materials that will be placed in the property. This will avoid removal in error.

Field Services Process for Occupied Properties

Occupied Property
If your initial inspection of the property determines that there are people living in the property, follow the steps described in Determining Occupancy Status Type and Securing the Property in Section 1: Acquisition of Real Estate Owned Properties.

The Field Services Company will begin initial and ongoing maintenance once the property is vacant and secured, and Re-Key has been entered.

Utilities in Occupied Properties
If the property is Occupied and lawn maintenance or snow removal is required to clear a pending violation, you must contact your Fannie Mae Asset Manager immediately for instructions. The Field Services Company is not to perform this service on occupied properties.

Field Services Process for Personal Property Remaining

Personal Property Exists at the Property
Upon initial inspection, if you determine that personal property remains with a potential value greater than $500 ($700 CA), take the actions outlined in Personal Property Removal in Section 1: Acquisition of Real Estate Owned Properties.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

After Occupancy Status is updated to reflect Personal Property and the re-key Date of the secondary door has been entered, the Field Services Company is notified to complete initial services on the outside of the property, and winterize, if appropriate and in season. The Field Services Company has seven days from the re-key date to complete the outside initial services. Winterization orders are to be performed within two days. You must work with the Field Services Company to meet at the property to allow access in cases where a lock box is not allowed on the property during the eviction. When services are complete, the Field Services Company will notify you by phone or messaging and the Broker Sign-Off task will trigger to you. You must visit the property for inspection to complete the Broker Sign-Off and ensure that all initial services are completed to Fannie Mae’s satisfaction.

**Personal Property Discrepancy**

In the event the Field Services Company determines a personal property value greater than $500, and an Eviction or Post and Store is not detailed in the account, the Field Services Company will submit a trouble code to the Fannie Mae Field Services Specialist. The Fannie Mae Field Services Specialist will review the determination of value from both the agent and Field Services Company. If there is a discrepancy, the agent will be asked to complete a Personal Property Discrepancy task. This task, along with the Field Services Company’s information, will be provided to the Asset Manager through the Review Personal Property Discrepancy task. The Asset Manager will either provide the recommendation for Post and Store or confirm the property is vacant to approve the Trash Removal.

**Personal Property Eviction Pending**

While the personal property eviction is pending, the Field Services Company continues to perform the exterior services, including lawn maintenance and snow removal, as appropriate.

**Personal Property Eviction Completed**

When an eviction is complete, update the Weekly Occupancy Status to Vacant and complete the Re-Key task. The Field Services Company is notified to complete all remaining initial services, including debris removal, and ongoing maintenance. Complete the Broker Sign-Off task as instructed.

**Field Services Process in Redemption/Confirmation States**

**Properties in Redemption or Confirmation**

Follow all Fannie Mae guidelines when reporting properties in Redemption or Confirmation status. Update the Occupancy Status accordingly, and complete re-key (of the secondary door). By completing the Re-Key Secondary Door task, the Field Services Company is automatically notified to perform exterior services, such as lawn maintenance or snow removal, or winterization services only. The remaining services automatically order when the redemption period ends or when the sale confirms.

**Note:** If the property contains a wet heating system, you are responsible for the winterization and de-winterization of the property. The Field Services Company is not responsible for the winterization services when the property contains a wet heating system therefore do not ad hoc any winterization or de-winterization services.
Field Services Process for Winterization and De-Winterization

Protecting heating and plumbing systems prevents a loss in value caused by unnecessary freeze damage. Therefore, it is vital Listing Agents ensure all winterizations performed are completed promptly, and the work follows local standards for the type of system present. Listing Agents are responsible for the heating system and any freeze damage to the property due to negligence. Agents are also responsible for maintaining the heating system or providing the necessary maintenance and plumbing repairs bids, if applicable.

The Field Services Companies are responsible for the winterization and de-winterizations services on properties containing dry heating systems only. Field Services Companies do not provide winterization or de-winterization services on properties containing water-based heating systems or what is often referred to as "wet systems".

Wet heating systems can be defined as the following:

- Steam heat systems which have a boiler that heats water that is then released as steam. Look for a steam boiler and radiators to identify a steam heat system.
- Radiant heat systems which have a boiler that heats water that circles around the plumbing. Look for a hot water boiler, expansion tank, radiators or (copper) tubing in floor, walls, and/or ceilings.
- Heat exchangers are less common in use, but the water is heated and feeds the network of pipes.
- Geothermal systems with heat pumps used as a heating system which transfers heat to or from the ground.

The winterization and de-winterization of properties containing wet heating systems are the Listing Agent’s responsibility due to the complexity of these systems, as well as the need for licensed plumbers and HVAC contractors to accomplish this process. You are solely responsible for the performance of winterization and/or de-winterization services at properties with these types of systems. Do not engage or ad hoc to the Field Services Company for these services. Also, as mentioned above, winterization for pools, sprinkler systems, wells and septic systems are also your responsibility.

HECM Field Services Company performs winterizations on all system types.
Winterization Season Assignment Dates

Fannie Mae requires and instructs the Field Services Company to winterize all assigned properties (dry heating systems only) based on an annual schedule or winterization season. Listing Agents are expected to adhere to the same schedule when performing winterization and de-winterization services on properties containing wet heating systems.

The map and the table depict the schedule for winterization activities by state.

Figure 1: Winterization Schedule
### Table 10: Winterization Schedule

<table>
<thead>
<tr>
<th>State Name and Abbreviation</th>
<th>HECM Winterization Start Date 9/1</th>
<th>Non-HECM Winterization Start Date 10/1</th>
<th>HECM Winterization End Date 4/30</th>
<th>Non-HECM Winterization End Date 3/31</th>
<th>Winterize Year-Round (HECM / Non-HECM)</th>
<th>Do Not Winterize (HECM / Non-HECM)</th>
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<tbody>
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<td>Alabama</td>
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### Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

<table>
<thead>
<tr>
<th>State Name and Abbreviation</th>
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<th>Winterize Year-Round (HECM / Non-HECM)</th>
<th>Do Not Winterize (HECM / Non-HECM)</th>
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<tr>
<td>Nevada</td>
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### Winterization Exceptions:

* Properties in AZ, CA or NV located below a 2000-foot elevation will not be winterized unless ordered by the agent.

** Properties in FL located south of Jacksonville will not be winterized unless ordered by the agent.

*** Properties in LA, NM or TX located south of Interstate 10 will not be winterized unless ordered by the agent.

**IMPORTANT:** If you have a property located in one of these areas, and you feel it should be winterized for any reason, you must ad hoc the Additional Services Re-Winterization deliverable to the Field Services Company if the property has a dry-heat system only. Provide comments to the Field Services Company within the task.

### Help Protect Fannie Mae Assets!

If you discover a property (dry-heating system only) that has not been winterized by the end of the assigned winterization season start month, ad hoc the deliverable to the Field Services Company immediately. If the property contains a wet heating system, you are responsible for services. Ensure all assigned properties are protected and ready for winter.

**Note:** The Field Services Company is instructed to complete all assigned winterizations by the end of the month of that state’s winterization start date.

### Winterization/De-Winterization in Non-Redemption/Confirmation States

The Field Services Companies are assigned to winterize all existing inventory unless otherwise directed, based upon the winterization season start dates. The Field Services Company is to proceed with the winterization if the property contains a dry heating system. If the property contains a wet heating system, the winterization order is shut down, and the winterization of that property becomes the responsibility of the Listing Agent.

Fannie Mae instructs the Field Services Company to not touch, turn off or adjust the heating system. In addition, they are instructed not to shut off breakers (unless related to an electric water heater for winterization purposes only). Escalate any violation to the Field Services Company and your Asset Manager immediately.

If the threat of freezing is predicted in advance of the schedule, contact the Field Services Company immediately and ad hoc the Additional Services Re-Winterization deliverable early to prevent possible property damage.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

If a property is assigned to a Field Services Company, and it is de-winterized using an alternative vendor, and damage is found, the Field Services Company is not liable for the damage. Therefore, you must not authorize other vendors to perform winterization/de-winterization.

If the property contains a wet heating system, you are responsible for services. Refer to Winterizing Properties with Wet Heating Systems for more information.

Winterizing and De-Winterizing Properties Under Repair

At the beginning of each winterization season, Fannie Mae assigns the Field Services Company a winterization order on all assets. Listing Agents with properties containing a dry heat system that are currently under repair must contact the assigned Field Services Company via Equator messaging and advise the Field Services Company to not perform the winterization, if necessary. Once repair work is completed, you must ad hoc the Additional Services Re-Winterization deliverable to have the property winterized. If the property is already winterized and de-winterization is necessary to complete repairs, you must use the assigned Field Services Company to de-winterize the property. If another vendor is utilized to complete the de-winterization (or a winterization), you will not be reimbursed for expenses. The only exception are those properties with wet heating systems.

When a property needs de-winterization for either an inspection or repair contractor, ad hoc the Additional Services De-Winterization deliverable to the Field Services Company. Orders are expected to be completed within two days. Once inspection is completed, you must ad hoc the Additional Services Re-Winterization deliverable and include any comments within the task. If you do not ad hoc the Field Services Company to re-winterize after the inspection, you are responsible for any damages that may occur.

If the de-winterization is for repairs, ad hoc the Additional Services De-Winterization deliverable to the Field Services Company. Notify them that de-winterization is in order to allow a contractor to make property repairs through comments in the task. Have the contractor and Field Services Company coordinate to schedule the date for de-winterization. Once the repair work is completed and approved, ad hoc the Additional Services Re-Winterization deliverable to the Field Services Company.

Winterization in Redemption/Confirmation States

Until the Redemption/Confirmation period expires and the property is removed from the appropriate status, Fannie Mae can only winterize the property, if appropriate, and perform necessary property preservation measures. The Agent must complete the Re-Key Secondary Door task to release the winterization and exterior services to the Field Services Company.

If the property contains a wet heating system, you are responsible for providing winterization services. If the property is vacant and there is more than one door, re-key the secondary door. If only one door, re-key that one door and complete the task.

Guide to Winterizing

As cold weather approaches, Fannie Mae requires professional winterization of REO properties. The following information will help you know what work your Field Services Company performs to winterize a property containing a dry heating system properly. This knowledge empowers you to check satisfactory performance by your Field Services Company so that you can sign-off on the work as Fannie Mae requires. Fannie Mae requires that the winterization process comply with local codes and ordinances.
Winterizing Properties with Dry Heat/Forced Air Systems

The following services are typical when performing a winterization on a property containing a dry heating system. The Field Services Vendor will:

- Shut off water at the water meter and disconnect the main supply line from the meter (where allowed by law). Disconnect any hoses attached to exterior hose bibs.
- Open all faucets. Using an air compressor attached to the main supply line or exterior hose bib, evacuate any remaining water with positive air pressure.
- Turn off the gas supply or shut off the electricity to all water heaters. Shut off the water supply valve to the water heater. Attach a hose to water heaters and drain them directly to the outside, or to a floor drain lower than the water heater. Close the drain once the water heater is empty. Shut off all toilet tank supply lines and drain all toilets.
- Shut all faucets and valves. Pressurize the water system to levels appropriate for the system. Required pressures may vary per property/system. Check all valves, faucets, washer hookups, dishwasher, and toilets for pressure leaks.
- With the compressor still attached and the system pressurized, begin opening each faucet, supply line, and washer hookup, beginning at the lowest point in the house. Close each hookup when only air blows from each point. When a dishwasher is present, run the dishwasher until only air feeds into the unit. If electricity is not available, disconnect the supply line to the dishwasher, and place sign on front of dishwasher that states the unit is disconnected.
- Once the water system is drained and checked, open all faucets, valves, and supply lines, including the ones to the toilets. Leave all the faucets, valves, and supply lines open while winterizing the property.
- Install NON-TOXIC anti-freeze (propylene glycol, usually pink in color, NOT ethylene glycol) in all drains, p-traps, toilet tanks and bowls, tub/shower drains, laundry and floor drains, and the dishwasher line.
- Do not place tape across all the toilet bowls and sinks. Toilets and tanks must be cleaned out and properly filled with anti-freeze solution. Use of a clear wrap with ventilation holes to cover the bowl is allowed and is the preferred method to limit compromised toilets.
- Post appropriate winterization warning signs on all plumbing fixtures, the dishwasher, the water heater, and electric panel-breaker box. There is no need for a winterization posting on the front of a property. These signs must also show company name, phone number, and the winterization date.

Winterizing Properties with Wet Heating Systems

Wet heating systems require special care during the winter. During the winterization season, you are required to winterize within 2 days of assignment. Failure to adequately protect the property is a serious performance issue, and you will be held responsible for damage to the property.
When performing a winterization on a property containing a wet heating system, follow the plumbing guidelines as listed previously to winterize the plumbing system for dry heat/forced air systems. Cut-off valves may be necessary to isolate the water supply lines between the plumbing and the wet heat system.

Licensed plumbing or HVAC personnel perform the winterizing on a wet heat system. Since heat should remain on in all active listings, these systems require specific and critical detail to ensure proper operation during winter months. Wet heating systems may require adding propylene-glycol to maintain the system during the winter. Be sure the invoice is itemized and specifies that the expense is for propylene-glycol or glycol.

### Wet Heating System Winterization Process

During Winterization Season, you must follow this process when you are assigned properties with a wet heating system or already have assignments with a wet heating system:

1. Notify your Asset Manager, the Field Services Company, and the Field Services Specialist through Equator messaging immediately upon receiving a property assignment that has a wet system. Notification the property contains a wet system is a critical step to avoid an unnecessary trip to the property by the Field Services Company, as they are not responsible for any type of winterization service if the property has a wet system.

   - The subject line should read “Property has wet system – Agent Winterization”.
   - If you fail to do this within 48 hours of assignment, you may be responsible for any service call charged to Fannie Mae by the Field Services Company for a winterization service they cannot perform.
   - Your Asset Manager will reply with “Approved – Agent Winterization”. Do not wait for approval if the threat of sustained freezing temperatures will place the property in danger of freezing.

2. Engage the services of a licensed professional in your area to complete the service.

   - An isolation valve should be installed to separate the domestic water system from the wet heating system.
   - The breaker to the electric water heater must be turned off to the domestic water system if the domestic side is also winterized.
   - The property must have stickers indicating the performance of winterization.
   - You will want to use the same contractor for de-winterization to have a chain of responsibility if there are errors.

   **Note:** You cannot hire the Field Services Company to perform this service.

3. When winterization is complete, document Equator messaging with the completion date and upload a date stamped photo of the winterization sticker(s).

4. If the cost for service is greater than $500 you will need to submit a preapproval expense request in Equator while winterization expenses under $500 are pre-approved and submitted as a New Expense:

   - Use the Category of “Maintenance” and Reason Code of “De-Winterization” or “Winterization”.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

- Upload the supporting documentation (bid/invoice, etc.).
- In the description field, indicate “Wet System Winterization required”.

5. In the event the system is not functional, or you are not sure if it is a wet system, you are responsible for any actions needed for determination of status and any winterization needed, if it is indeed a wet system. At a minimum, you will need to hire a plumber to blow out any water remaining in the lines. If the system is not a wet system, immediately communicate with the Field Services Company for any winterization needs.

6. Repairs necessary to restore function to the systems will not be eligible for expense reimbursement if greater than $500. Repairs must be itemized and not combined with the winterization or de-winterization. Repairs greater than $500 must be paid via the 1093 process so ad hoc the Scope Repairs (Agent) task.

Our goal is to empower you with the ability to have fewer steps in accomplishing winterization and avoid delays which could result in damage. Always review existing inventory and schedule licensed professionals at the beginning of the winterization season.

Coordinate the winterization/de-winterization with the assigned HECM Field Services Company. Utilities will not be on except for those properties that have a functional sump pump or for the maintenance of heat in AK, MN, MT, ND, SD, and ME.

The HECM Field Services Company will perform winterization/de-winterization during the Pre-6MMTP in compliance with HUD guidelines.

Additional Guidelines for Winterizing and De-Winterizing

- Heat and electricity should remain on after winterization, unless the property condition does not warrant this expenditure. Set the heat temperature between 60- and 65-degrees Fahrenheit.

- If the property was winterized before it was assigned to you, ensure that the Field Services Company de-winterizes it, checks all systems, and re-winterizes the property. Reflect any repairs discovered on your BPO and note in Equator. The only exception are those properties with wet heating systems for which you are responsible for all winterization, de-winterization, and re-winterization needs.

- In cases with prolonged redemption periods, use all available means to winterize and prevent freeze damage.

- You may de-winterize properties once the winterization season has ended, unless you deem it necessary to keep the property winterized. If unsure, consult your Fannie Mae Asset Manager. De-winterizations are not automatically ordered and must be ad hoc’d as needed.

- Fannie Mae provides winterization schedule for the Field Services companies to follow. During the off season, winterization is not ordered. If property is already winterized from the previous season and the agent wants the property to be de-winterized, you are responsible for ensuring that utilities are turned on, then ad hoc tasking to Field Service companies to begin de-winterization. Vendors are expected to complete de-winterizations within 2 days of notification.
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- Message any signs of plumbing and/or utility damage to the Fannie Mae Asset Manager.

Coordinate the winterization/de-winterization with the assigned HECM Field Services Company. Utilities will not be on except for those properties that have a functional sump pump or for the maintenance of heat in AK, MN, MT, ND, SD, and ME.

Message the Asset Manager and the HECM Field Services Company with details of observable plumbing and utility damage if repairs are necessary.

The HECM Field Services Company will perform winterization/de-winterization during the Pre-6MMTP in compliance with HUD guidelines.

De-Winterization at the End of Winterization Season

If the threat of freezing has passed and you are ready to have water turned on, you must ad hoc the deliverable Additional Services- De-Winterization to request de-winterization if the service was originally performed by the Field Services Company for a dry heating system. As a reminder, when utilities are turned on, you must be present. De-winterization is not automatically performed and should only be requested if needed and the threat of freezing temperatures has passed.

Note: For a wet heating system, you must have the company that originally did the winterization perform the de-winterization.

Any time a property's condition warrants a situation where it is not feasible for us to de-winterize, we should disclose this in Section 38 of the Residential Real Estate Purchase And Sale Contract. Also, you should be as specific as possible. Here is an example of verbiage that could be included:

“The condition of the property may not support the connection of utilities and no repairs will be done by Purchaser or Seller to make the property available for connection or de-winterization.”

Equator Messaging Use During Winterization Season

Use Equator messaging to contact the "Field Services Company" role to follow up on a winterization, de-winterization, and re-winterization. Do not copy the "Field Services Specialist" on these messages unless it is an escalated issue or concern. The Field Services Specialist is a Fannie Mae employee and your follow up request will be delayed if you only message that role.

Broker Sign-Off (BSO) Requirements

The Broker Sign-Off task is a required process step for Field Services. You must complete the Broker Sign-Off on each of your assigned properties within three days of task notification. The Broker Sign-Off process provides Fannie Mae with key performance metrics, as well as feedback. This information allows Fannie Mae to quantify the services performed, and reorder services that are not satisfactorily completed.

When completing a Broker Sign-Off on an assigned property containing a wet heating system, you must answer the first question “Does the property contain a wet heating system?” with “Yes”, since the Field Services Company is not responsible for the performance of the service. Once this question has been answered with “yes”, there are no additional questions to answer.
Duplicate BSO Tasks

If you encounter a duplicate Broker Sign-Off task that you are unable to complete, you should email agenthelp@equator.com to open an incident ticket.

Broker Sign-Off Responsibilities

You are responsible for ensuring properties meet Fannie Mae’s expectations, and that they remain in market-ready condition following the completion of initial services. Your responsibilities include:

- Check Equator daily for new Broker Sign-Offs. Provide a service rating for the requested services, not the property condition. The services you will rate include Initial Interior Maintenance, Initial Trash Removal, and Initial Exterior Maintenance. You will also list any deficiencies noted for winterizations and safety hazards.

- Supporting the ratings you give the service with noted deficiencies. Do not list a rating as poor and not support it with what is found to be deficient. Fannie Mae needs this information to ensure quality control and improve the field services process.

- Check daily for New Broker Sign-Offs. Since utilities are typically not turned on in HECM properties, complete the questions, “Exterior missing/damaged entry lights replaced?” and “First level exterior lights have working bulbs?” as “Yes.” This will prevent the Broker Sign-Off from failing in error.

**Table 11: Broker Sign-Off Reminders**

<table>
<thead>
<tr>
<th>Broker Sign-Off Reminders</th>
</tr>
</thead>
<tbody>
<tr>
<td>You must go to the property and inspect thoroughly before completing the Broker Sign-Off task. This is required; viewing pictures is not acceptable and will not help ensure the property is in marketable condition for selling!</td>
</tr>
<tr>
<td>All Broker Sign-Offs must be completed within three days of task assignment.</td>
</tr>
<tr>
<td>Rate services performed – not the property condition. The Broker Sign-Off is for rating the quality of work performed by Field Services companies, based on the services requested. Services are reordered when any service is rated as “Fair” or “Poor.” Rate all services and note deficiencies – provide comments and feedback. If you answered “Yes” that all services were performed adequately, do not rate the property with “Fair” for the overall rating.</td>
</tr>
<tr>
<td>If a Broker Sign-Off is triggered to you prematurely or by mistake, do NOT rate a service as “NA” if the services ARE indeed needed. Select “No” so the services retrigger.</td>
</tr>
<tr>
<td>Important to read all the questions and determine if there is a deficiency or not. A wrong answer could trigger services in error.</td>
</tr>
<tr>
<td>Rating Exterior Services in Winter: When snow is present, do not “fail” the exterior services unless there are obvious issues such as major debris left behind, or snow was not removed. The Field Services Company has been instructed to perform all exterior services as conditions permit.</td>
</tr>
<tr>
<td>In Equator, the BSO rating may pass even though you have identified something that still needs correction at the property. If you encounter this situation, ensure you follow-up with a detailed message to the Field Services Company and Field Services Specialist to address the issue with</td>
</tr>
</tbody>
</table>
“BSO Correction” in the subject line. The Field Services Specialist will track these escalations to ensure they are corrected in a timely manner. Remember to only escalate items that are within the scope of services provided by the Field Services Company.

Basic Process for Completing a Broker Sign-Off

1. Fannie Mae orders initial services from a Field Services Company when you code the property as Vacant and complete Re-Key task.

2. When the Field Services Company sends a completion notice to Fannie Mae indicating that initial services are complete, you are tasked to complete the Broker Sign-Off. Your Inspection Date must reflect a date later than the Initial Services Completion Date.

3. If you have a property or multiple properties undergoing initial services, you must check Equator daily for new Broker Sign-Offs. You are required to complete Broker Sign-Off within three days of task assignment.

4. Complete your initial services inspection by visiting the property, and then completing the task.

5. During this process, you are required to make sure the property meets Fannie Mae’s expectations as defined in this Guide and that the property is “market-ready” after initial services are complete.

6. Rate the service completed for the initial interior cleaning, exterior service, interior and exterior safety hazards, winterization, and trash out, as well as noting any deficiencies you find. The task automatically generates an overall score based on your ratings and noted deficiencies.

7. Based on the overall rating and deficiencies you have noted, Fannie Mae may order additional services, or have the Field Services Company return to resolve deficiencies. If this occurs, Fannie Mae will likely require you to complete a second Broker Sign-Off to make sure that the reordered services were completed satisfactorily.

Note: If the property you are inspecting is a 2-4 family property, you will be tasked with a Broker Sign-Off for each corresponding unit as the services are completed.

Broker Sign-Off Sections

The Broker Sign-Off has six sections to complete:

- **Initial Exterior Maintenance** – Provide an Overall Rating and list all deficiencies based on the way the exterior of the property was serviced.

- **Exterior Safety Hazards** – List any deficient area or safety hazards that were not addressed on the exterior during initial services.

- **Trash Removal** – Provide an Overall Rating and list all deficiencies based on the way the property was trashed out and all debris removed.

- **Initial Interior Maintenance** – Provide an Overall Rating and list all deficiencies based on the way the property was cleaned.
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- **Interior Safety Hazards** – List any deficient area or safety hazards that were not addressed in the interior during initial services.

- **Winterization** – List any deficiencies or if property is not winterized during Winterization Season and the property contains a dry heating system

**Broker Sign-Off Ratings**

There are four possible service ratings in the Broker Sign-Off task. The rating you provide for each ordered service applies to that particular service area as a whole and based on the number of deficiencies you discover within that service; the system may force you to change your rating to truly match with the deficiencies you find.

- **Excellent:** The performance meets requirements and exceeds many requirements. Quality of work shows no signs of any major deficiency. No corrective action is required.

- **Good:** The work meets Fannie Mae’s requirements and only a limited number of minor deficiencies are present at the property. No immediate corrective action is necessary.

- **Fair:** The work meets some of Fannie Mae’s requirements but not all of them. Some deficiencies need immediate corrective action. If you choose this rating, and a preset number of items are marked as deficient, Fannie Mae system marks the service as failed and reorders it.

- **Poor:** The work does not meet Fannie Mae’s requirements. The quality of work reflects serious deficiencies. Immediate corrective action is required. To use this rating, you must indicate all found deficiencies. If the number of deficiencies found warrants the reorder of that particular service, it will be re-ordered.

**Job Aid for Broker Sign-Off Requests**

The *Equator Field Services module* provides additional instructions to assist you through the process of completing Broker Sign-Offs. You can find additional information in the Fannie Mae Agent Job Aid titled *Personal Property & Field Services*. 
Frequently Asked Questions about Field Services

Will the Field Services Company handle all scopes of repairs (e.g., flooring, paint, roofing, etc.)?

No, your current repair process remains intact. The Field Services Company provides maintenance and minor maintenance repairs only.

What if I have a special request regarding a property or need to inform the Field Services Company about a property?

Message the Field Services Company directly or ad hoc the appropriate deliverable if applicable (and include comments within the task) to them.

Examples are:

- Remove blinds from the upstairs small bedroom but leave the blinds in the living room.  
  Note: it is crucial that you notify the Field Services Company prior to initial services on whether you want the window blinds to stay or be removed. If you do not provide guidance, they will make a judgment call. If the blinds need to be removed after initial services are complete, you can request by ad hocing Request Additional Services and selecting “Request Other Service”.

- Remove washer and dryer from basement, but all other appliances stay.

- Large amount of debris present at property, including 20 or more tires.

- Side yard on west side of house is part of the property and needs to be mowed.

- Property has an above ground pool for removal.

- Secure hole in the wall of the laundry room where the dryer vent is missing.

- This property is a condo. The gate code is 1234.

- Property is a duplex. Clear Board Unit B.

- Property is very hard to find. The directions are . . .

- Property assigned to John Smith. His contact information is: (provide phone, fax, and email).

What if I have an emergency situation, such as a flooded basement or a roof leak, requiring a tarp?

Immediately call the Field Services Company to help resolve any emergency situations or seek an outside vendor, even if this occurs prior to initial services being performed.

With the selected services that are performed during Initial Services, will the Field Services Companies be doing these services during Ongoing Services too?

The Field Services Company will perform the selected services during Initial Services. The Field Services Company has been advised to also perform any of the services (with the exception of the Landscaping Package, the Roof & Gutter Package, and the Exterior Window Clean Package) during their Ongoing Services visits if the service is warranted and needed. If at any time you see a service needed, you can message the Field Services Company to complete.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

Will discoloration be removed during Initial Services?
No, discoloration remediation/cleaning is not included within the Field Services scope of services.
Once we receive the "initial services complete" email from the Field Services Company, when should we expect to receive the Broker Sign-Off?

The Broker Sign-Off will trigger once the Field Services Company completes all of their Initial Services tasks within Equator.

What if I want another Landscaping Package service or there are leaves on the roof and gutters following a storm?

The Listing Agent can ad hoc the Landscaping Package, the Roof & Gutter Package and/or the Exterior Window Clean Package at any time you need the service performed again.

What about hot tub removal or removing above ground pools? Is that included?

Removal of hot tubs and above ground pools are included, but the Field Services Company must get the Listing Agent's direction on removal of such items. You must immediately notify the Field Services Company of your decision, so the service can be completed during Initial Services.

Is the Field Services Company responsible for removing dead animals?

Removal of dead animals should be coordinated by the Listing Agent with the City or County. Dead insects and a few dead rodents will be removed by the Field Services Company. Remember, the Listing Agent must contact a licensed pest control company if the property has active flea infestation or requires removal of honey bee infestation.

Are the Listing Agents still expected to make recommendations for repairs or additional services to enhance the marketing of the property?

Agents are still expected to make repair and additional services recommendations. The Field Services Company is not providing these services as a substitution for the repair process.

Does the Field Services Company also maintain the AC/Heat filters?

No. The Field Services Company is not to maintain or provide any service for HVAC systems. The Listing Agent is to hire an HVAC contractor for this type of service.

When winterization or a de-winterization is requested through Equator, how long does the Field Services Company have to complete the task?

For newly assigned properties, winterizations are to be completed within 48 hours. De-Winterizations should also be completed within 48 hours. Ensure you ad hoc your request in Equator always. Include any special instructions within the task.

Reminder: Do not request a winterization or de-winterization from the Field Services Company if the property contains a “wet heating” system. The Field Services Company is no longer responsible for the winterization or de-winterization services on properties containing these types of heating systems. Review winterization messages from the Weekly Listing Agent Email archives for more information.
**Will Field Services remove carpet as part of Initial Services?**

Carpet removal is not included in Initial Services. If the carpet requires removal, ad hoc Request Additional Services and select Request Other Service or obtain a bid from a local company and submit for expense pre-approval. Keep in mind that if we are replacing the carpet, the removal is already included in the pricing for the new carpet.

**What if the property has a pool?**

You are responsible for the pool and you must ensure the pool is immediately secured in accordance with local ordinances. Do not request a pool cover if the pool is secure and meets local ordinances. If any perimeter gates are missing or damaged, immediately ad hoc the **Scope Repairs (Agent)** task to begin the process of requesting a bid for repairing the fence/gate to secure the pool, if the costs are expected to exceed $500. You will be tasked to obtain bids from a non-SAM company for repair items to the pool. Ongoing services after the pool is secured are eligible for expense reimbursement. The Field Services Company will remove an above-ground pool upon your request, but you must assess and make the request before the initial services are performed.

Contact the Fannie Mae Asset Manager immediately if you have questions about a pool. Ensuring safety and preservation are top priorities.

**Note:** Fannie Mae expects the pool to be up and running rather than draining and/or covering the pool. It may enhance value to repair/replace the fence to secure and restore the pool to functional condition. It is especially important to include any pool related items when scoping repairs for marketing. We do not want to repair the home and have an empty pool that will raise concerns about its condition. A sparkling pool will appeal to buyers. Do not cover a pool and create conditions conducive to the growth of algae. The growth of algae will deteriorate the pool surface and decrease the value. Even if the decision by the Asset Manager is to cover the pool, it must still be maintained. Do not request Pool Service or Repairs from the Field Services Company.

The assigned HECM Field Services Company will secure pools during the Pre-6MMTP according to HUD guidelines. Notify your Asset Manager if you believe that not maintaining the pool will have an impact on property preservation.

**What are the defined roles in Equator for Field Services?**

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
<th>When to Message</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field Service Company</td>
<td>Outside vendor contracted with Fannie Mae to manage the field service needs for Fannie Mae property.</td>
<td>Prior to messaging the Field Services Specialist, agents should first message the Field Services Company directly on items such as important property information, directions on specific services, status of services completion, ordering Exterior Service packages, and/or any case related property issues.</td>
</tr>
</tbody>
</table>
### Role Description

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
<th>When to Message</th>
</tr>
</thead>
</table>
| Field Service Specialist | This is a Fannie Mae employee with the responsibility of managing the relationship and providing governance to the field service company. This person resolves escalated issues, proactively manages the Field Service Company, and governs to the established service contract. | After first messaging the Field Services Company, agents should escalate and message the Field Services Specialist, if the Field Services Company has not responded to the agent's initial message and is not performing services; and/or maintaining a property correctly; and/or is delaying services outside the service level agreement. 

   If there is an emergency situation at a property, agents should directly call the Field Services Company first. In addition to calling the Field Services Company, document the situation and message the Field Services Specialist and the Asset Manager. 

   Message the Field Services Specialist if you discover a major trend developing in any type of service deficiency (i.e., grass cuts not performed). |
| Field Services Manager | This is the Fannie Mae Manager who oversees the Field Services process.                                                                                                                                         | Agents should message the Field Services Manager if there has been no response from the Field Services Specialist within three business days or if there are further issues with the property. Any media issues should be sent to the Field Services Manager and Director. |
| Field Services Director | This is the Fannie Mae Director who oversees the Field Services process.                                                                                                                                        | Agents should message the Field Services Director if the Field Services Manager has not responded within five business days or if there are extremely severe/critical property issues. Any media issues should be sent to the Field Services Manager and Director. |
| Field Services VP     | This is the Fannie Mae Vice President who oversees the Field Services process.                                                                                                                                   | Sending a message to this role should be very limited and used for extreme/critical property and media issues. If used, agent must copy Field Services Manager and Field Services Director. |
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

What if I have questions about working with the assigned Field Services Company, my responsibilities as an agent in this process, or any of the processes discussed in this Guide?
Contact the Fannie Mae Asset Manager.

Utility Management Program

Fannie Mae utilizes a utility management vendor, Conservice, to help process and facilitate all activation requests, deposits and payments for the electric and/or gas utility services on eligible properties. You are still responsible for activating or continuing utility payments on ineligible inventory. The Utility Management Program (UMP) will not include water service unless the water service must be combined with the electric and/or gas utility provider in order to be activated.

Prior to activation, you must:

- Visit the property to perform your Occupancy Check and confirm the type(s) of system (electric, gas, both, etc.) in the property.
- Confirm the address on the assignment matches the actual address, including unit numbers. If the address is incorrect, you must notify Fannie Mae immediately.
- Confirm the property is not a multi-unit property.
- Confirm the property is vacant and update the Occupancy Status in the Fannie Mae system.

Once you confirm the property is vacant and not multi-unit or is Occupied Personal Property and service needed for preservation, you must either activate electric and/or gas services (if the property is ready for immediate activation) OR opt out of services for a valid reason (e.g., repairs needed for activation, utility inspection required, HOA maintains utilities, vacant lot, etc.).

HECM properties are not assigned to the UMP. If you receive an activation email from Conservice, opt out of any activation.

How the Utility Management Program Works

The steps below are a high-level overview of how the UMP works:

1. Fannie Mae assigns both the agent and Conservice upon acquisition.
2. Agent performs the property inspection within one day of assignment and completes the Occupancy Check within two days of assignment.
3. Agent confirms the type(s) of system (electric, gas, both, etc.) in the property. IMPORTANT: do not guess at the type of public utility. Do not request gas services with the Utility Management Vendor if the property does not have a gas system. This causes unnecessary time delays and potential expenses to Fannie Mae.
4. Confirm there are no repairs necessary for activation, utility inspections required, or safety issue that would prevent the activation of service.
5. Within two (2) days of assignment showing vacant, Conservice sends an email with a link to their website for activation. If you do not receive the welcome letter link within two (2) days, please be sure to check your email spam filter.

6. Visit the Conservice website to either opt in, meaning the property is ready to activate services or opt out and provide the reason for choosing to opt out of utility services. To request utility services on an eligible property, you should utilize the link provided to you in the email sent by Conservice or you may access website, along with the REO ID number and the Fannie Mae loan number at:
   - Conservice: [https://reoportal.conservice.com/](https://reoportal.conservice.com/)

7. Conservice receives the utility requests and begins processing. Once activation date and time are available, Conservice provides activation details to you.

8. You or your company representative must be present at the property for utility activation. This is a requirement. Failure to show up to an appointment causes unnecessary time delays and potential expenses to Fannie Mae.

9. Conservice sends a final email to you to confirm utilities are activated.

10. You complete the confirmation request on the Utility Management Vendor’s website. **You must not delay in selecting to opt in or opt out. If the situation changes, you can click the link on the vendor letter and choose the opposite option at a later date.** For example, if the electric was in the UMP and the property is vandalized or fire damaged and utility service no longer available, you would then opt out.

11. Opt out for properties in Redemption/Confirmation that are eligible for the UMP unless there are property preservation issues that require utilities. For example, you may need electric to keep the sump pump operable to prevent the basement from flooding.

**Note:** Do not put utilities in your name that are eligible for the UMP. If utilities are not in the UMP and are activated by you, do not use Fannie Mae as the account holder name. Utilities must be in your company name.

### Eligible Properties for Utility Management Program

You must ensure the properties meet the following eligibility requirements before notifying the Utility Management Vendor to activate electric and/or gas services:

- Property must be vacant. Owner Occupied, Tenant Occupied or Unknown Occupied properties are not eligible.

- Property is single-family, condo, co-op, or manufactured housing. Multi-unit properties are not eligible.

- HECM properties are not eligible.

You are responsible for all other utilities and for following temperature recommendations. If you have a property that is about to become vacant and are concerned about a potential gap in transferring utilities to the assigned vendor, contact [fm@conservice.com](mailto:fm@conservice.com) for instructions if you believe there will be an impact to property preservation.
## Important Information When Determining to Opt-In or Opt-Out

<table>
<thead>
<tr>
<th>What If...</th>
<th>Then...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property requires repair work or utility inspection BEFORE utility services can be turned on,</td>
<td>Opt-Out until repairs or the inspection is completed. Once repairs or inspection is completed and the property is ready for utility services, contact Conservice to Opt-In.</td>
</tr>
<tr>
<td>The property is missing the meter,</td>
<td>Contact the utility provider to inquire as to the requirement necessary to reinstall:</td>
</tr>
<tr>
<td></td>
<td>• If missing due to delinquent account, Opt-In for services.</td>
</tr>
<tr>
<td></td>
<td>• If missing due to an utility inspection required, Opt-Out. Once inspection is complete and utilities are safe to activate, contact Conservice to Opt-In for services.</td>
</tr>
<tr>
<td>Property is in Redemption/Confirmation and property preservation is NOT required,</td>
<td>Opt-Out until the Redemption/Confirmation period ends.</td>
</tr>
<tr>
<td></td>
<td>Once Redemption/Confirmation ends or at any time property preservation is required, contact Conservice to Opt-In for services.</td>
</tr>
<tr>
<td>You are waiting on property documentation such as deeds, permits, proof of ownership, etc. before services can be activated,</td>
<td>Opt-out until necessary documentation is available.</td>
</tr>
<tr>
<td></td>
<td>Once property documentation is available, contact Conservice to Opt-In for services.</td>
</tr>
<tr>
<td>Property is an HOA or Co-op,</td>
<td>Confirm if the property owner is responsible for utilities.</td>
</tr>
<tr>
<td></td>
<td>• If property owner is responsible for utilities, Opt-In for the applicable service(s) for the subject property.</td>
</tr>
<tr>
<td></td>
<td>• If property owner is not responsible for utilities, Opt-Out of services.</td>
</tr>
<tr>
<td>Water is bundled with electric or gas utility,</td>
<td>Opt-In for water services when requesting electric/gas services as long as it is safe to do so. However, water services can only be activated by Conservice if the water service is bundled with another utility. Otherwise, Conservice is not responsible for activation of water services.</td>
</tr>
<tr>
<td>Water is NOT bundled with electric or gas utility, and water services are needed,</td>
<td>Conservice is not responsible for activation of water services unless water service is bundled with another utility.</td>
</tr>
<tr>
<td>If property has a water well,</td>
<td>Conservice is not responsible for activation of water services.</td>
</tr>
</tbody>
</table>
The property is not vacant, Opt-out and indicate the reason why. Once the property is vacant, contact Conservice to Opt-In for services.

The property is a multi-unit, Opt-out and indicate the reason why. Conservice is not responsible for activating services on multiunit properties.

The property is a vacant lot and does not have a structure, Opt-out and indicate the reason why.

The property is a HECM, Conservice is not responsible for activation of services for a HECM property.

The property is currently Occupied, Opt-Out and indicate the reason why. Conservice cannot activate services if the property is Occupied. Once the property is Vacant and Equator is updated as such, contact Conservice, via email, at fm@conservice.com to Opt-In for services.

Important Reminders – Compliance Required

Utility Provider Appointments and Missed Appointments
Once you have entered your utility activation needs on the Conservice website, they will notify you via email the date and time of the scheduled activation. In order to prevent possible damage, Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors states you or your designated representative must be present when the utilities are turned on. If you are unable to meet the Utility Provider at the property at the scheduled time, it is your responsibility to reschedule the activation date and time. The Utility Management Vendor will provide you with the account number and other important contact information to make any necessary changes to your scheduled activation time.

Missed appointments cause delays in activation times, and in some cases, direct costs to Fannie Mae. Some Utility Providers now charge missed appointment fees that Fannie Mae must pay in order to have services activated. Fannie Mae is monitoring all reported missed appointments and listing agents may be subject to disciplinary actions for non-compliance.

Important:
- Do not provide Conservice or the Utility Provider with the lock box code. This is in direct violation of your instructions to be present for activation.
- Do not transfer utilities into your name if you miss an appointment and failed to reschedule. A utility covered by Conservice is not eligible for reimbursement and you will be required to pay back any funds received in error.

Utility Services Confirmation
After the activation date is scheduled, Conservice sends a confirmation email to you. You must confirm if the utility services are indeed activated or not. This activation confirmation is key for the billing process to work properly. We ask that you utilize the Utility Management Vendor website to verify and confirm utility activation. Do not call the vendor or email them because it must be done on their website for accuracy of reporting.

Fannie Mae is monitoring all properties where utilities show as active, but no confirmation has been received.

**Activation Delays**

In certain instances, we may experience delays in activation timelines for various reasons. We ask you to be patient with this process and cooperate with Conservice if they request information from you such as a meter number. Often the Utility Provider will not activate without the meter number. You are responsible for providing the meter number from the property, if necessary.

There are other delays impacting timelines such as requests by the Utility Providers for deeds, payments on past due accounts, and Utility Provider processing delays as we may be activating multiple properties at one time. Continue to follow up and escalate concerns for prolonged delays.

**Escalation Information**

If you have questions or escalation needs, the following information will help you direct your question/issue to the correct contact.

- For Utility Management Process questions, escalations, concerns or technical/website issues including opt-ins/opt-outs, receipt of a transferred assignment, or utility activation questions - Contact Conservice at fm@conservice.com.
- For rescheduling utility activation times: Contact the Utility Provider
- For address change/corrections: Contact your Fannie Mae Asset Manager
- For property inspection questions: Contact your Fannie Mae Asset Manager

**How to Use Utility Management Program in Equator**

It is important to know that the Utility Management Program is not part of Equator, but you will use the Equator task **Transfer Utilities** to note your actions.

For any utility not part of the Utility Management Program (water, trash/sewer, alternative fuels, etc.), you will ad hoc and complete a **Transfer Utilities** task.

For any utility in the program, make sure you have opted in or out of services. To do this, you must:

- Ad hoc the **Transfer Utilities** task if there isn't a task opened and answer "No" to Utility Allows Transfer to Agent?
- In Comments section, enter "Property in Utility Management Program. I have requested activation of (type Electric and/or Gas) service(s)." OR if you opt out, enter "Property in Utility Management Program. I opted out of services because {explain why opting out}.
- If you opted in for services, upload copy of the Service Request Received confirmation email sent by the Utility Vendor into the Equator Library.
Utilities and Maintenance Issues (Including Property/Code Violations)

Do not activate a utility in your name if that specific utility is eligible for the Utility Management Program. Activate all other property utilities in your company name – unless it is unsafe to do so and the cost of repairs to restore function is not approved by the Asset Manager. If repairs are necessary to restore utilities, obtain the appropriate bids, and submit them to the Fannie Mae Asset Manager for approval. In the event that you do not turn on utilities, enter notes into the Transfer Utilities task to explain your reasoning. If you need assistance, contact the Fannie Mae Asset Manager. Do not put utilities on in the name of Fannie Mae. If not eligible for the Utility Management Program, the utilities must be in your company name.

Redemption/Confirmation

Generally, if the property is vacant and is in redemption/confirmation, utilities are not connected unless necessary for property preservation, such as electric needed to keep a sump pump functional or supply heat to prevent freezing, etc. If unsure, contact the Asset Manager for direction. Also, during redemption/confirmation, any pre-foreclosure delinquencies are usually not paid unless necessary to prevent a lien or fine. If you have such a case, message the Asset Manager and Redemption or Confirmation Specialist in Equator for direction on whether payment should be made.

The agent is to coordinate with the Code Violation Vendor, Field Service Vendors and municipalities when there are outstanding code violations upon assignment to cure. Additionally, contact all utility companies to ensure the utilities are turned off at the property unless directed to keep them connected. HUD does allow the utilities to be maintained for those properties that have a functional sump pump. Also, utilities for maintaining heat in AK, MN, MT, ND, SD, ME are allowed. For these properties, transfer the corresponding utilities to your name and maintain the utilities. You may also need to transfer utilities into your name in order to obtain the current billing but do not activate utilities unless there is one of the previously stated exceptions.

Utility Connection

In order to prevent possible damage, you or your designated representative must be present when the utilities are turned on. Observe any visible plumbing before turning on the water. Pay any refundable deposits but do not bill for reimbursement. If the refundable deposit is credited against the final utility bill, request reimbursement for the full amount of the bill and explain in the description of the expense submission.

If a meter must be replaced by a plumber or electrician, and the cost is over $500, you must use the Scope Repairs (Agent) task in Equator, which the Asset Manager will review for approval. Keep the utilities on until the property is sold and closed. Refer to the Winterization headings in this section for additional details. If you encounter difficulty in establishing service with any company, notify the Fannie Mae Asset Manager.
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

Note: You must immediately check with utility companies for any delinquencies that may impact the ability to transfer title, even if you are not turning on utilities. You are expected to resolve these issues upon assignment. Fannie Mae will not approve the payment of utilities on the settlement statement at closing.

It is expected that you are communicating regularly with the Code Enforcement authority on all issues pertaining to Fannie Mae properties. Our goal in maintaining property values and neighborhood stabilization includes supporting our relationship with the local authorities, including local police, fire department and county/city government.

Property Violations

Property violations should be reviewed to determine any outstanding issues, orders, and fines. Report outstanding HOA violations by messaging the HOA Specialist via Equator. Report outstanding municipal code violations by messaging the Code Violations Vendor. Obtain bids to determine the cost to cure any outstanding violations and to halt accrual of additional fines. Notify the Fannie Mae Code Violation Vendor, who will request any required approvals from the Fannie Mae Asset Manager.

Immediately upon assignment, check with existing HOA and local municipalities for any outstanding issues or violations that would involve maintenance, permits or property registrations. Be alert to any additions or alterations to the property that may not have received appropriate permits. Should a buyer agree to purchase with the violation, upon disclosure of the existing situation, Section 9 of the Residential Real Estate Purchase And Sale Contract covers the buyer’s responsibilities. Contact your Asset Manager about any requirements by Fannie Mae in order to proceed with the sale and closing.

Delinquent Municipal Utility Bills, Violations and Lien Payments

In cases where there is a pre-foreclosure delinquent municipal utility bill, violation or lien, including applicable Impact Fees, obtain all outstanding bills. Once the property is under your control, there should be no further late fees or penalties.

- For delinquent municipal utility bills, negotiate to waive the late fees and penalties, pay the bill and submit with your next expense reimbursement.
- For any code violations or violation liens, report to the Code Violation Vendor in Equator and upload all applicable documentation.
- For (non-utility) pre-foreclosure or post-foreclosure delinquent municipal liens or violations, report the violations to the Code Violation Vendor. Coordinate with the Code Violation Vendor on all necessary actions to clear any remaining conditions that resulted in the violation, which may require contacting the local Field Services Company or maintenance contractor or requesting bids to perform required repairs. You are responsible for working with the Code Compliance Team, Code Violation Vendor and your Asset Manager to resolve the issue prior to sale of asset.

These expenses are not allowed on the settlement statement during the Pre-6MMTP and should be cleared by you prior to settlement on all cases, regardless of marketable title status.
Lien Payments as a Result of a Pre-foreclosure Delinquent Utility Bill

If a lien has been recorded for pre-foreclosure utilities, negotiate to reduce the fine and/or waive the late fees and penalties. Submit as a New Expense for review. If the expense is excessive and you are unable to pay in advance of submission for reimbursement, submit all documentation to the designated Title Specialist, who will coordinate with the Title Company to request payment. Document the system with all applicable correspondence. In all cases, contact should be made to the filing entity for an updated lien amount or payoff amount, as this may have changed since the filing. Take necessary actions to clear any remaining conditions that resulted in the violation, which may require contacting the local Field Services Company or maintenance contractor or requesting bids to perform required repairs.

As a general rule, whether a pre- or post-foreclosure item is discovered, you are approved to pay ($500 or lower) or submit for approval to pay (more than $500). Only message the Title Specialist in Equator if paying the discovered pre-foreclosure item creates a financial hardship. **Never message the Title Specialist for post-foreclosure items, regardless of the amount.** Also, you should not contact the servicer for payment on any item.

### Delinquent Utility Bills & Liens

<table>
<thead>
<tr>
<th>Item Type</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-foreclosure item (regardless of amount)</td>
<td>Pay and submit as New Expense</td>
</tr>
<tr>
<td>Post-foreclosure item (regardless of amount)</td>
<td>Pay and submit as New Expense (remove any late fees or penalties)</td>
</tr>
<tr>
<td>Pre-foreclosure item where payment is a hardship</td>
<td>Escalate to Title Specialist</td>
</tr>
<tr>
<td>Post-foreclosure item where payment is a hardship</td>
<td>Work with Asset Manager (post-foreclosure items should not go to the Title Specialist)</td>
</tr>
</tbody>
</table>

### Violation Bills & Liens

<table>
<thead>
<tr>
<th>Item Type</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-foreclosure bill (regardless of amount)</td>
<td>Submit to Code Violation Vendor for negotiation and payment</td>
</tr>
<tr>
<td>Post-foreclosure bill (regardless of amount)</td>
<td>Submit to Code Violation Vendor for negotiation and payment</td>
</tr>
</tbody>
</table>

### Selecting the Correct Reason Code When Billing Delinquent Utilities

Avoid rejections by understanding the use of the Utility Reason Codes. Be sure to use the description to indicate the type of utility (gas, water, electric, etc.) and other pertinent information to explain the submission. Use the Equator Expense Classification Index for Listing Agent Reimbursement to locate the correct Category and Reason Code.

Delinquent and Current Utilities are not allowed on the Settlement Statement. You must bring them current and provide paid receipts if required for closing.

- **Current Utility Reason Codes** – Bill current charges if combined with the delinquent charges. Delinquent charges will only be allowed on the first bill unless the property was not under your control, such as during eviction or rental. Explain extenuating factors in the comments.

<table>
<thead>
<tr>
<th>Category</th>
<th>Reason Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities/rekeys</td>
<td>598-Utilities-Electric</td>
</tr>
<tr>
<td></td>
<td>599-Utilities-Gas/Oil/Propane</td>
</tr>
</tbody>
</table>
Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors

| 73-Utilities-Water/Sewer/Garbage |

Exception: Utility Bills that rolled to Property Taxes – Use Reason Code: City/Code/HOA Violation. If an HOA/Tax Company Vendor is assigned to the case, they will address this matter on Fannie Mae’s behalf.

- If the property was under your control and there are late fees and penalties assessed post foreclosure due to your nonpayment, those must be subtracted from the bill and explained in the description. Reminder: upon assignment, you must check the status of all utility bills, even if not turning on the utilities.
- If a lien amount is excessive and it will be a hardship for you to pay, and immediate payment is required to stop the accumulation of additional fees and/or late charges, contact your Fannie Mae Asset Manager.
- If a lien or violation has resulted in a required hearing appearance or court date, and the agent is unable to negotiate a resolution without an appearance, submit all documentation immediately to the Code Compliance Specialist and Fannie Mae Asset Manager for escalation to determine if local counsel is necessary. Be sure to document the system with all applicable correspondence.

The payment of utility bills for services after assignment of the property is the responsibility of the agent outside of the UMP. If the Transfer Utilities task is completed as no lien but there is an outstanding balance, you will be tasked to Pay Outstanding Utilities.

Note: Ongoing billing invoices must include “to and from billing period” notations. Submit these bills for Fannie Mae reimbursement as referenced in Section 5: Listing Agent Reimbursement Process. Final utility bills must be submitted within 15 days of invoice/billing date. Follow the procedures provided in this Guide for submitting reimbursement requests.

Receiving Special Notices
From time to time, Fannie Mae receives correspondence directly from a municipality, HOA, servicing lender, utility provider or other entity that references an issue on an REO property. An automated process will send those notices directly to you through Equator messaging. The subject line will read:

***Action Need*** Special Notice [loan number]

You must immediately review for action:

- If the property is still in your inventory, regardless of status, determine Fannie Mae’s obligation to cure the issue and/or pay the bill by contacting the entity that sent the mail to Fannie Mae.
- If the property has closed and the bill is the responsibility of the buyer, contact the issuing entity and provide the buyer information. Message the Asset Manager that no further action required.
- If the property has closed and the bill remains the responsibility of Fannie Mae, message the Code Compliance Specialist for direction regarding Code Violations (all other requests should be directed to the Asset Manager).
Section 3: Handling Properties with Environmental or Other Special Issues
Properties that Require Special Handling

When you receive an assignment with potentially hazardous issues, notify the Fannie Mae Asset Manager immediately. Depending on the nature of the issue immediate action to address the hazard, or steps needed to preserve the property may be needed. Use this section of the Guide to understand the actions you must take. This section outlines respective system requirements for reporting and managing environmental or other special issues.

Responding to Emergency Repairs and Maintenance Issues

Immediate action needed to address special issues will generally fall into one of two categories, emergency repairs or maintenance. Fannie Mae defines emergency repairs as property damage repairs required to preserve safety, limit liability, or protect the asset from immediate danger and further damage. Maintenance in these situations would not be repairs, but actions such as water extraction, tarp placement on a leaking roof, removal of a fallen tree, or removal of an area less than 100 contiguous square feet of discolored drywall.

Immediately report emergency property needs to the Fannie Mae Asset Manager. You must notify your Asset Manager within 1 business day following an emergency repair or maintenance action. Fannie Mae reserves the right to reject emergency repair or maintenance reimbursement requests if you fail to obtain approval, or if the repairs made were not emergency repairs.

Use messaging in Equator to document these repairs, the nature of the emergency, and the costs of the repairs. Always make sure your approvals are present in Equator before submitting for expense reimbursement.

Note: You may receive claims of damage from other property owners alleging the damage was result from a Fannie Mae property. Inform the claimants to take action as they determine necessary to preserve their property. Do not enter, nor instruct any contractors or maintenance vendors, to enter the non-Fannie Mae property. Inform the claimants that they may submit an itemized demand for damages to Fannie Mae. Complete an Incident Report with photos and forward to the Fannie Mae Asset Manager.

Minor repairs or emergency repairs that cost less than $500 are eligible for expense reimbursement. Emergency repairs or minor maintenance repairs such as fixing leaky pipes, capping wires, minor electrical repairs, and minor repairs related to securing the property, such as fence/roof/door/window repair, are eligible with Fannie Mae Asset Manager approval.

Maintenance in emergency situations, just like routine maintenance, is eligible for expense reimbursement with approval. Review the Expense Classification Index to determine expenses that require approvals and those that must be performed by the designated Field Services Company. Obtain Fannie Mae Asset Manager approval before submitting reimbursement requests.

Note: Emergency repairs that cost more than $500 require you to follow the Form 1093 reimbursement process provided in this Guide. Any submission of repairs in excess of $500 will be rejected. Property maintenance is not subject to this $500 limitation, provided the approvals are obtained as needed. Do not use the Reason Code of “Emergency Repairs” for submission of repairs. Use the other Reason Codes that describe the actual type of repair.
Section 3: Handling Properties with Environmental or Other Special Issues

All HUD allowed repairs and maintenance during the Pre-6MMTP may be performed by the assigned HECM Field Services Company. For all Non-HUD allowed repairs, contact your Asset Manager for guidance.

Managing Environmental Hazards

Environmental hazards constitute health, safety, and liability risks and concerns. Fannie Mae requires that you notify the Fannie Mae Asset Manager immediately about any potential environmental condition and ad hoc the Report Environmental Issue task. Also, when you complete a BPO with Environmental Issues checked as “Yes”, Equator triggers the Report Environmental Issue task for you to complete. Our expectation is that you report such issues in advance of completing the BPO. Fannie Mae may require environmental remediation before anyone accesses the property as part of the Environmental Clearance Process. This process allows Fannie Mae to limit liability and protect all parties.

Fannie Mae defines environmental hazard remediation as acceptable and satisfactory when a qualified contractor successfully corrects the property fault condition related to the environmental issue or hazard according to applicable environmental and hazard standards. You must receive clearance through Fannie Mae’s environmental consultant. Remediation must also be completed in compliance with national, state, or local guidelines.

Review prior MLS submissions and use local resources to gain knowledge of previous environmental issues that occurred prior to acquisition by Fannie Mae. Message the Asset Manager about any issues that require further investigation and explain in the BPO comments. In compliance with state and local law, Listing Agents have a responsibility to disclose in writing any known existing issue(s) which could potentially impact a buyer’s decision to purchase, even in those states where Fannie Mae is exempt from completing a property condition disclosure form. Information requiring disclosure may include, but is not limited to, property inspections/reports, environmental remediation and testing, governmental notices, and any other documents indicating issues relevant to the purchase and ownership of the property. Retain documented proof that the buyer received a copy of any disclosed information.

Fannie Mae explains which environmental property issues are deemed hazardous in this section of the Guide. Following the processes in this section leads you through Fannie Mae’s Environmental Clearance Process and identifies the roles and responsibilities of each party including the agent, the Asset Manager and the Environmental Consultant.

Listing Agent

As the assigned agent, your role is to:

- Immediately notify the Fannie Mae Asset Manager of any environmental hazards and ad hoc the Report Environmental Issue task. Select the issue and note the cause within the task.
- Obtain a bid from qualified and licensed third-party vendor for review by the environmental consultant. If over $1,000, obtain a second bid. Do not order inspections or bids unless directed by the Fannie Mae Asset Manager. (Bids should not be obtained from a general contractor or SAM vendor.)
Section 3: Handling Properties with Environmental or Other Special Issues

- Message the Fannie Mae Asset Manager and the environmental consultant in Equator immediately if you are aware of any local, state, or federal governmental agency involvement or receipt of any notices of violation relating to environmental issues.
- Manage the third-party contractor and timeline associated with addressing the environmental issue with regular follow up and communication.
- Document all the activities concerning the environmental investigation/remediation process in utilizing the system tasking. The system will trigger testing or remediation tasks based upon answers in previous tasks.
- Escalate any concerns to the Fannie Mae Asset Manager and the Environmental Consultant regarding progress of work or concerns that scope of work agreed upon is not being adhered to by the vendor.

**Note:** The third-party contractor is responsible for recommending the scope of work and following clearance procedures in accordance with all applicable regulations. The Environmental Consultant will review all bids and notify Fannie Mae which bids are acceptable for approval by Fannie Mae.

**Asset Manager**

As the Fannie Mae Asset Manager, your role is to:

- Work with the agent and Environmental Consultant to ensure the environmental issue and timeline is properly managed.
- Ensure that Equator is properly documented, and periodic updates are given on progress and status.
- Ensure that the source or cause of the environmental issue is addressed prior to remediation to prevent recurrence.

**Third-Party Vendors**

To ensure compliance with all local, state and federal laws regulating environmental remediation, and to protect all parties from health, safety and liability risks, Fannie Mae’s Environmental Clearance Process mandates that only qualified contractors can remedy environmental hazards. These contractors are referred to as third-party contractors.

When you contact the Fannie Mae Asset Manager about a necessary environmental remedy, the Fannie Mae Asset Manager may task you to obtain bids from a qualified third-party contractor for the work. Obtain the bids directly from the vendor and not through a general contractor. Fannie Mae also assigns an environmental consultant who can usually help you locate qualified contractors.

**Note:** If another environmental issue is discovered during the remediation and the additional work is not complex and is done by the same contractor, a change order can be used. If the work is complex and not done by the same contractor, an additional environmental issue should be opened. Example #1: Meth remediation in progress and asbestos discovered. Contractor is licensed for asbestos removal and submits additional bid, so a Change Order should be processed. Example #2: Discoloration remediation in progress
when an Oil Spill is discovered. An additional environmental issue must be opened due to the complexity of the work and performance is by a different contractor.

**Fannie Mae Environmental Consultants**

Fannie Mae assigns an environmental consulting company to make recommendations on proper remediation and ensure that our Environmental Clearance Process is followed. You will be notified via messaging who has been assigned to the case. You are also able to send a message to the consultant if the order is open to them. The role of the environmental consultant is to:

- Provide general guidelines for remediating Fannie Mae properties.
- Provide information/guidance to help the agent locate remediation contractors, if needed.
- Review the qualifications, credentials and insurance coverage of the remediation contractors submitting bids.
- Review inspections and bids and reconcile the scopes of work provided by the contractors.
- Recommend the bid(s) that meets the Environmental Clearance Process.
- Ensure that Fannie Mae is compliant with all local, state and federal laws regulating environmental remediation, and to protect Fannie Mae from liability risks.
- Answer questions from the agent or remediation contractor during the bid process, investigation, or remediation process.
- Review the final report and any clearance tests submitted by the contractor upon completion of remediation required per the scope of work.
- Notify the Fannie Mae Asset Manager when investigation or remediation is complete, and the property is ready for marketing and occupancy. The Environmental Consult must complete tasking to clear the property for marketing.

**Handling Specific Environmental Hazards**

Specific types of environmental hazards require specialized handling:

**Asbestos**

Asbestos-Containing Material (ACM) represents an environmental hazard when it is subject to damage that results from fiber release. “Friable” ACM, which can be crumbled by hand, and is therefore susceptible to damage, is particularly dangerous. Non-friable ACM represents a potential concern only when damage occurs as a result of maintenance work, demolition or other types of disturbance activities.

Due to continued distribution of a wide variety of asbestos-containing building materials, asbestos may be present in some of the roofing, flooring, caulking/putties, adhesives, spackling compounds, and/or non-accessible insulation materials at a property. Sampling of these types of materials requires techniques that may damage the property, and in the case of roofing material, may void warranties. Comply with federal, state, and local regulations when performing all ACM testing, removal, or disturbance. Prior to demolition or renovation of a property, retain licensed, qualified asbestos abatement personnel.
Section 3: Handling Properties with Environmental or Other Special Issues

If you suspect that the property has friable asbestos requiring remediation, ad hoc the Report Environmental Issue task immediately. Provide the details about the extent and location of the suspected asbestos. In most cases of friable asbestos, Fannie Mae places the property in Do Not Market status via an environmental issue. In some cases, Fannie Mae authorizes the property sale without remediation, provided the buyer receives the appropriate disclosures.

If the Fannie Mae Asset Manager chooses remediation, work with the environmental consultant via tasking to obtain bids from a licensed, qualified asbestos abatement professional. You will upload bids that will go to the Asset Manager and Environmental Consultant for review and recommendation. If the Fannie Mae Asset Manager approves the remediation, a Work Authorization Form 1093 is created.

You need clearance from the Environmental Consultant and the Fannie Mae Asset Manager before you market the property. Once cleared, Fannie Mae removes the property from Do Not Market status, Equator will task you and the Asset Manager to begin or continue the marketing process.

Disclose the property remediation details to all potential purchasers. Provide them with copies of all inspection reports. At closing, no releases are to be signed except for Fannie Mae’s standard Waiver and Release of Property Condition Form if environmental remediation was successfully completed and cleared by the environmental consultant. Fannie Mae’s required Residential Real Estate Purchase And Sale Contract also addresses this issue.

Biohazard Conditions

If you suspect the property contains blood, blood products, or contains used syringes, or other potentially infectious material (PIM), ad hoc the Report Environmental Issue task immediately. PIM materials constitute biohazard conditions. PIM materials may include fecal and decomposing materials (both human and animal). Do not allow anyone to enter the property, and limit property access by removing the lock box from the premises.

In the processes of biohazard discovery and remediation, Fannie Mae places the property in Do Not Market status and opens an environmental issue. Work with the assigned environmental consultant via tasking to obtain bids from contractors qualified to remove and dispose of the PIM. The environmental consultant makes a recommendation to the Fannie Mae Asset Manager and Fannie Mae’s Legal Department. Based on Fannie Mae’s final decision, the Fannie Mae Asset Manager approves remediation and issues a Work Authorization Form 1093. The environmental consultant notifies you and the Fannie Mae Asset Manager when the property is cleared to market. When you have checked the property to make sure that remediation is complete, note this in tasking. At that time, Fannie Mae removes the property from Do Not Market status, and closes the environmental issue.

Disclose the property remediation details to all potential purchasers. Make sure that Fannie Mae’s standard Waiver and Release is executed at closing.

Discoloration

Fannie Mae defines discoloration as a potential environmental hazard, if discoloration inside the property is greater than 100 contiguous square feet or if it is pervasive. Pervasive as used here indicates the discoloration is not contiguous but is located in more than one area of the same room or other rooms/locations or adjoining units.
You must photograph any discoloration and describe its extent in the BPO as less than or more than 100 contiguous square feet or pervasive. If you mark on the BPO that Environmental Issues = Yes, then the Report Environmental Issue task will fire to the Asset Manager once you complete the BPO.

Anyone entering a property with discoloration that contains pervasive discoloration or discoloration that is more than 100 contiguous square feet, must sign Fannie Mae’s Discoloration Disclosure and Release Form. This applies to everyone, including Fannie Mae employees and vendors. **DO NOT use this form if the discoloration is less than 100 contiguous square feet or is not pervasive.** Repairs beyond property preservation will not be done if remediation is not completed and the property has pervasive or more than 100 contiguous square feet discoloration.

When interior discoloration is greater than 100 contiguous square feet or pervasive, limit access to the property immediately by removing the lock box and document the system that the lock box was removed. Alternatively, if your electronic lock box system allows you to issue a onetime code after receipt of the signed Discoloration Disclosure Release, you may leave the lock box on the property provided no one has been issued unlimited access. Determine what is causing the discoloration and note in the Report Environmental Issue task what the moisture source is. Immediately stop any water penetration into the property before proceeding with a discoloration decision or potential remedy. Remove any standing water or pump the area with standing water to encourage drying on the remaining surfaces. Do not turn on the HVAC, air conditioning, heat pump or other devices that circulate air throughout the house. Attempt to estimate the area of discoloration and update the task.

Fannie Mae considers discoloration an optional remedy rather than a mandatory remedy. Generally, Fannie Mae will recommend remediation in a shared wall situation or if requested by an HOA. The Fannie Mae Asset Manager advises you of Fannie Mae’s decision to proceed with marketing by exercising one of these three options:

- Sell the property without remediation
- Clean the property
- Remedy the discoloration

If the Fannie Mae Asset Manager considers remediation, it is critical that remediation bids and build-back bids are obtained up-front to assess the cumulative cost to repair. Do not recommend remediation if the source of moisture cannot be identified and cured. The Asset Manager will task you to obtain the bids. This will help the Fannie Mae Asset Manager make marketing strategy decisions.

**Selling the Property Without Remediation**

If Fannie Mae decides to sell without remediation and the discoloration exceeds 100 contiguous square feet or is pervasive throughout the property though not connected in any one area beyond 100 contiguous square feet, everyone must sign a Discoloration Disclosure and Release Form before entering the property. Fannie Mae requires you to control access to the property, including that of all vendors. The form is located in the [Listing Agent Resources Directory](#).
Cleaning the Property

If the discoloration is less than 100 contiguous square feet and located on a non-porous or semi-porous material (wood, concrete, painted drywall), remove or clean the surface. Take before and after photos of the discoloration. **Disclose to potential buyers that the discoloration was cleaned or removed, provide the before and after photos, and retain proof of disclosure.**

Instruct the contractors to use a detergent solution and a stiff brush or pad for cleaning. Extend the cleaning to an area 2 feet beyond the visible discoloration. After cleaning and rinsing, disinfect the area using a solution of 10% bleach and water. Higher concentrations of bleach are not more effective. Clean or remove porous materials such as insulation, carpet and pad, or ceiling tiles.

Antimicrobials are chemicals used in the discoloration removal process to destroy or suppress discoloration from growing on a surface. If an antimicrobial product is used by the contractor, it must be an EPA registered, broad spectrum disinfectant made of pharmaceutical grade ingredients. It is important that the contractor adhere to the proper use of the antimicrobial chemicals to avoid harm to people or property.

Remedying the Discoloration

If the Fannie Mae Asset Manager determines that remediation is necessary, you will be tasked to obtain the appropriate bids as required by the Fannie Mae Asset Manager, and the environmental consultant. Do not recommend remediation unless the source of moisture can be identified and cured. Submit the bids in Equator tasking for review and recommendations. The environmental consultant notes the remediation recommendations to the Fannie Mae Asset Manager. When remediation is approved, the Fannie Mae Asset Manager issues a Form 1093.

Schedule the approved contractor and note when the work begins and monitor weekly for completion. Check the contractor’s work for compliance to Fannie Mae standards. Complete your tasking to notify the Fannie Mae Asset Manager and the Environmental Consultant when the work is completed. They system will require you to forward the resulting post remediation air clearance tests as part of your communications. Populate the repair completion date and submit the invoice as directed in **Section 6: Managing the Bid and Repair Process.**

Disclose the property remediation details and provide the air clearance test results to all potential purchasers. Make sure that Fannie Mae’s standard Waiver and Release is executed at closing.

Drywall Issues

Fannie Mae continues to monitor the published information regarding drywall issues.

**Note:** The term “defective drywall” does not refer to issues related to discoloration but rather a type of drywall which has been found to have a strong association with sulfur gas emissions and metal corrosion in homes.

During initial appraisal and property inspection, investigate to determine if there are any physical indicators of potentially defective drywall, as described in the “Defective Drywall Identification” webinar and the guidance provided by the Consumer Product Safety Commission (CPSC). Be particularly diligent with properties located in the areas which have been identified by the CPSC as highly likely to contain defective drywall. These include, but are not limited to, properties in humid or hot climates or seasons, coastal areas, and areas known to contain homes with defective drywall. Remember that the signs of defective drywall present themselves over time, so this is an ongoing responsibility. It is important to be on alert for these indicators each time you enter a property.
Defective drywall was installed in homes between the years 2001 and 2009, with the greatest use taking place between 2004 and 2008. It was used most commonly in new dwellings as well as renovations or property repairs completed during this time. Be aware of the dates of property construction, renovation, and repairs to help in identifying affected properties.

Be Aware

Be aware of the physical indicators that defective drywall may be present.

- **Odor**
  Defective drywall typically emits a sulfur, rotten egg, or ammonia smell. In properties that may have only limited defective drywall, the odor may be less noticeable. Closing doors and windows and turning off fans and central HVAC units will contain the odor and help to identify a potentially affected area.

- **Visual Signs**
  There are physical signs that may be found by visual inspection. Blackened or tarnished copper is a common possible indicator of defective drywall. Observe any exposed wires for signs of blackening or corrosion, such as outlet or switch plate wires. Copper water lines may also present signs of defective drywall. Inspect under sinks, above the hot water heater, air handlers or any other visually accessible copper component.
  Defective drywall also presents itself through pitted or corroded metal surfaces. Thoroughly inspect faucets, shower heads, the edges of mirrors, and water valves for affected areas.

Document

Upon identifying a case of potentially defective drywall, you should document the type of evidence you observed, where it was most noticeable within the dwelling, and the most obvious indication of the potentially defective drywall.

Take photographs of the visual signs, including multiple affected surfaces if possible.

Report

Report the issue by messaging the Asset Manager with the descriptions of indicators, any photographs, and other supporting documentation. Do not use environmental tasking in Equator to report this situation.

The subject line should be *REO ID#_ Full Address Potentially Defective Drywall*

**Example:** A105CT3_123 Main St, Miami, FL 33100 Potentially Defective Drywall

Do not use environmental tasking in Equator to report this situation.

Listing Will Be Cancelled

Upon receipt of the notification, if the property is currently listed, the listing will be cancelled. The Asset Manager will move the asset to “Do Not Market” status. When a course of action is determined, you will be notified.
Note: If a buyer has inspections that reveal potentially defective drywall, we cannot proceed with the sale unless remediation is performed. We do not sell properties with known drywall issues, even if the buyer is willing to accept the property “as is”. Review the Drywall Issues section for details on steps to take.

Continue Weekly Inspections
Continue to inspect the property weekly and report any changes in condition. Do not discontinue utilities or services unless otherwise directed.
Contact the Fannie Mae Asset Manager if you have any questions or concerns.

Lead-Based Paint
Properties built before 1978 may contain lead-based paint. Paint chips and dust from deteriorating lead paint can contain dangerous levels of lead.
When selling properties built before 1978, Fannie Mae will either:
- Sell the property without remediation, or
- Remediate the condition before selling the property.

Selling the Property Without Remediation
Properties containing deteriorating lead-based paint do not require remediation except when expressly required by applicable state law or local authorities.
If Fannie Mae chooses to sell a property with lead-based paint without remediation, follow the procedures in this Guide and provide any required notices, including Fannie Mae’s Lead Paint Disclosure Form. The Fannie Mae Asset Manager communicates Fannie Mae’s marketing strategy by initiating a listing supplement with an as-is price.

Remedying the Condition Before Selling the Property
A remediation decision results in moving the property to Do Not Market. You cannot market the property until remediation is complete but must continue to complete tasking in Equator.
Obtain bids from contractors that are fully licensed to conduct lead-based paint remediation in your state. Tasking will send those bids to the Environmental Consultant and the Fannie Mae Asset Manager. The Fannie Mae Asset Manager authorizes remediation by approving and issuing a Form 1093. Notify the remediation contractor of the approval and schedule the work. Complete the tasking to indicate the commencement of the work. You will be tasked every 14 days with completing a Remediation Update task. Disclose the remediation to potential purchasers and provide them with Fannie Mae’s Lead Paint Disclosure Form at the time of offer negotiation along with any reports obtained in the process.
When remediation is complete, the buyer must execute the standard Waiver and Release at closing. No other releases are required. The Residential Real Estate Purchase And Sale Contract also addresses this issue.
Relocation

If a property was constructed prior to 1978 and is occupied by children under the age of seven years, remediation may be required by applicable state law. Notify the Fannie Mae Asset Manager immediately if you become aware of a child below seven years of age occupying a property constructed prior to 1978. The Fannie Mae Asset Manager will instruct you on the next steps.

Fannie Mae may offer Relocation Assistance (Cash for Keys). If Relocation Assistance is approved, you will be notified in Equator. If the occupant rejects Relocation Assistance and indicates that he or she does not intend to voluntarily vacate, notate in tasking. You may be requested to assist with temporary relocation while any necessary remediation and/or other habitability issues are addressed.

The Fannie Mae Asset Manager or Fannie Mae’s Rental Team may request a bid for lead paint testing when the occupant is seeking a lease or has rejected an offer of Relocation Assistance. If requested, obtain the bid for lead paint testing and forward it to the requestor for approval, who will place an approval in Case Comments for expense reimbursements.

If remediation is chosen, provide the lead paint inspection reports to qualified third-party vendors for remediation bids. Two bids are required if cost exceeds $1,000. Submit the bids to the requestor along with estimated costs for the temporary relocation of the occupants while remediation is performed.
Methamphetamine (Meth) Lab

Until you receive clearance from the environmental consultant and the Fannie Mae Asset Manager, DO NOT allow entry into a meth-contaminated property under any circumstances.

If you suspect that your assigned property was formerly a meth lab, or heard rumors to that effect, ad hoc the Report Environmental Issue task immediately.

Check with local law enforcement officials to determine if any arrest reports were filed, or evictions performed, that indicated suspected meth production. Obtain the relevant law enforcement reports and a list of the property confiscated along with its location. Some cities and counties may have websites that list meth-contaminated properties which should be checked if available. Include any obtained documentation in tasking.

If personal property removal is necessary, environmental testing and remediation must be completed prior to eviction. If the meth testing results are positive, work with the environmental consultant, the Fannie Mae Asset Manager, and the remediation contractor to contact the local environmental agency regarding disposal of the personal property. Use messaging in Equator to document the issues if no updated tasking is open.

Fannie Mae places the property in Do Not Market status. Fannie Mae cannot market the property until the hazards are cleared by the environmental consultant. Remediation is the only course of action for meth-contaminated properties. You must complete remediation prior to listing the property. Do not allow access to the property during remediation. Secure the property and re-key following the procedures provided in this Guide.

Methamphetamine remediation regulations vary by state. Work with the environmental consultant to contact the local Health Department for the remediation requirements, and to obtain a list of qualified remediation contractors. Document the system of record accordingly.

Obtain remediation bids from qualified contractors. Submit the bids via tasking to the Fannie Mae Asset Manager and the Environmental Consultant. The Environmental Consultant notes recommendations for remediation to the Fannie Mae Asset Manager, who in turn issues a Form 1093, if approved for remediation. Follow the procedures in this Guide to schedule the remediation work, and document in tasking. Upon approval, schedule the work, and monitor its progress (every 14 days you are tasked with providing a remediation update). Tasking will then forward the clearance test results to the environmental consultant and the Fannie Mae Asset Manager. The Environmental Consultant lets Fannie Mae know if it is necessary to wait for a “no further action letter” from the state. The consultant also notifies you and the Fannie Mae Asset Manager when the property is cleared for marketing to resume.

Note: If winterization is necessary in a suspected Meth contaminated property, only perform exterior winterization until the property is cleared by the environmental consultant. Document the situation update in Equator.

Disclose the property remediation details to potential purchasers. Make sure that Fannie Mae’s Waiver and Release Form is executed at closing.
Section 3: Handling Properties with Environmental or Other Special Issues

Oil Release

Remediation is the only course of action for properties that have a known oil release. Ad hoc the Report Environmental Issue task immediately if you suspect the property of an oil release.

Note: When appropriate, and under the direction of the environmental consultant, contact the approved contractor to immediately stop the oil release, and to secure the container.

If standing oil is present, and either puddles on the surface or drains to other areas of the property, absorb the oil using diatomaceous earth (cat litter). Sprinkle the surface with cat litter using care to not overburden the area with it. The litter requires special disposal. Only create the necessary amount of waste. If a spill appears to be moving or draining, apply additional cat litter to the leading edge of the spill area. Secure the area in a manner that prevents tracking the oily residue to other areas.

Work through tasking to get bids from contractors qualified to remove waste oil. The bids will be sent to the Fannie Mae Asset Manager and the Environmental Consultant for review and remediation recommendations. The environmental consultant sends the review and recommendations to the Fannie Mae Asset Manager. When Fannie Mae Asset Manager approves the bid, a Form 1093 is issued. Upon approval, notify the contractor to schedule the work.

While the remediation process is in progress, Fannie Mae puts the property in Do Not Market status. If you already have the property listed in the MLS, withdraw the listing immediately. DO NOT market the property until remediation is complete. Note your actions in Equator.

The Environmental Consultant lets Fannie Mae know if it is necessary to wait for a “no further action letter” from the state. The consultant also notifies you and the Fannie Mae Asset Manager when property remediation is complete, and the property is cleared to market. At that time, Fannie Mae removes the property from Do Not Market status. Upon completion, populate the repair completion date in tasking and submit the invoice as directed in the Section 6: Managing the Bid and Repair Process.

Disclose the property remediation details to potential purchasers. Make sure that Fannie Mae's Waiver and Release form is executed at closing.

If your asset is located in Massachusetts, please review this document for more information on local oil spill requirements.

Underground Oil Tanks

If you suspect that the property has an oil tank that leaked or is actively leaking, ad hoc the Report Environmental Issue task immediately. This section does not apply to underground tanks with no evidence of leaking. Removal of non-leaking tanks should not be tasked as an environmental issue and if discovered, the removal will require bid(s) that will be processed as an expense, not a 1093/repair. See the Expense Classification Index for more details on submission.

Underground tank removal and remediation regulations vary by state. Work with the assigned environmental consultant to contact the local Fire and/or Environmental Departments to determine remediation requirements and get a list of qualified contractors.
Meanwhile, secure the fill port area. Obtain any available records concerning the tank. If none are available, interview the neighbors, fuel delivery personnel, and possibly the prior mortgagor. Enter the information you learn about the underground oil tank in Equator tasking. Any additional information can be sent in messaging. Next, obtain and attach remediation bids in tasking to the Environmental Consultant for review and recommendation. The Environmental Consultant makes recommendations to the Fannie Mae Asset Manager and Fannie Mae’s Legal Department. The Fannie Mae Asset Manager authorizes remediation by issuing a 1093.

Fannie Mae places the property in Do Not Market status and opens an environmental issue for the property. You cannot market the property until remediation clearance from the Environmental Consultant.

When you receive remediation approval, notify the contractor to schedule the work, and monitor the progress.

The Environmental Consultant lets Fannie Mae know if it is necessary to wait for a “no further action letter” from the state. The consultant also notifies you and the Fannie Mae Asset Manager when the property is cleared to market. At that time, Fannie Mae removes the property from Do Not Market status.

Disclose the property remediation details to potential purchasers. Make sure that Fannie Mae’s Waiver and Release form is executed at closing.

### Handling Potential Damage Threats and Sudden Disasters

Potential damage threats and sudden disasters require agents to take property preservation measures. Agents should ALWAYS use discretion and consideration of personal safety when performing these measures.

#### Potential Damage Threats

Message the Fannie Mae Asset Manager about a pending threat to the property so Fannie Mae can take property preservation measures, including boarding windows and doors in advance of a potential disaster, such as a hurricane or wildfire.

When there is sufficient prior notice, the Fannie Mae Asset Manager may communicate with you to provide direction and authorize specific preservation actions. An example of this might be the forecast of a hurricane that is expected to impact an area containing Fannie Mae assets.

#### Sudden Disasters

Immediately following a natural disaster, you should take appropriate measures to preserve the property from any additional damage and/or deterioration. These actions do not require advance approval from Fannie Mae.

Any repairs made after the period immediately following a sudden disaster require the appropriate approvals from Fannie Mae. Fannie Mae will authorize basic property preservation measures to secure the property and protect it against additional damage. Notify the Fannie Mae Asset Manager at the first opportunity to request approval for the costs of the measures you are taking. When you receive approval to move forward from the Fannie Mae Asset Manager, schedule the work as quickly as possible. Reimbursement will be through either the Expense or Repair process.
Coordinate all repairs and services with the assigned HECM Field Services Company on properties in the Pre-6MMTP as it relates to this section and is HUD approved. If Post-6MMTP or Not HUD approved, the standard process applies.

Log the details of your preservation measures into Equator when you complete the Weekly Property Inspection task. You may also ad hoc this task if there isn’t one opened.

Note: DO NOT enter a property if you believe doing so poses a health or safety risk. Instead, notify the Fannie Mae Asset Manager. Take appropriate precautions to ensure your health and safety. Use reasonable judgment in dealing with issues that cause concern, such as risks related to physical property damage, criminal activity, and environmental hazards.

After a disaster, and as soon as it is safe to return to the area and begin working, follow these steps:

1. Visit each property assigned to you as soon as possible.
2. If you receive a Property Damage Assessment task in Equator, complete it as quickly as possible. Upon completion, a message will be sent to the Asset Manager. You must complete the task even if there is no damage. Failure to complete the task is a serious performance issue. Repeatedly failing to respond to Fannie Mae’s disaster inquiries may result in ineligibility to receive new property assignments.

   If you do not receive a task in Equator and have a reportable event, simply ad hoc for each applicable case.

3. Obtain the necessary repair bids for approval if the repairs are estimated more than $500. At any time, you may ad hoc the Scope Repairs (Agent) task to begin the process.
4. Enter a comment into the Weekly Property Inspection task providing an estimated timeframe for entry into the property. You may also ad hoc this task if there isn’t one opened.

If you need disaster recovery assistance, contact the U.S. Department of Labor at 1-866-4-USA-DOL or visit:

- [http://www.dol.gov/opa/disaster-recovery.htm](http://www.dol.gov/opa/disaster-recovery.htm)
- [http://www.dol.gov/opa/hurricane-recovery.htm](http://www.dol.gov/opa/hurricane-recovery.htm)
- [http://www.disasterassistance.gov/disaster-assistance/find-assistance](http://www.disasterassistance.gov/disaster-assistance/find-assistance)
Section 4:
Determining Property Value
Valuation Overview

To sell the property at the highest possible, yet fair, value, Fannie Mae analyzes two or more opinions of value which usually includes a fee appraisal. Variances in the opinions of value may receive an additional internal review to ensure quality control. The Fannie Mae Asset Manager will do further review to define a marketing strategy and set a list price.

Valuation Philosophy

Fannie Mae selects an initial list price designed to compete in the marketplace. When determining the initial list price, Fannie Mae considers factors that influence the price such as market conditions, market research, comparable sales, comments from your Broker Price Opinion (BPO), the marketing strategy, and other relevant factors. Armed with comprehensive property information, it is possible to determine an appropriate negotiating threshold that maximizes sales proceeds and considers the individual property characteristics or overall market dynamics.

Listing Agent Expectations

When accepting an assignment, you are representing that you are qualified to perform an accurate Broker Price Opinion, have access to all relevant data, and completed the BPO without the assistance of a third party BPO company. You further represent that you have done due diligence to confirm the legal description based on the foreclosure legal description and confirmed the property type and address. Any discrepancies should be immediately communicated to the Asset Manager. Alterations or modifications to the property that may not be in compliance with local zoning or issues that may prohibit the future transfer of the property should also be immediately reported and marketing repairs may not be cost effective if the zoning violations will still present a transfer issue.

Determining Accurate Value

- Provide accurate Broker Price Opinion values on each assigned property.
- Prepare the value using comparable properties for the neighborhood in which your assignment is located.
- When establishing value, also consider the foreclosure/REO listings and sales if they are prevalent in the neighborhood.
- Prepare As-Is vs. As-Repaired values that reflect what you forecast the property to sell in the standard marketing period for the area.
Section 4: Determining Property Value

Completing the Broker Price Opinion (BPO)

Critical Function #3: Assess Value

To achieve Fannie Mae’s goal of obtaining maximum value while minimizing the impact on communities, it is critical that you accurately submit your BPO. Fannie Mae relies heavily on your BPO and market knowledge to make sure the correct marketing strategy is selected and listed for the best price for selling it in reasonable time.

Consider the BPO your opportunity to provide Fannie Mae with an objective and thorough view of the following:

- The property marketability, strategy, repairs, range of comps for condition, financing concerns, robust commentary of what cannot be seen in the labeled detailed photos
- All repairs identified, including which repairs are required for marketing independent of the strategy recommended
- The best marketing plan that balances strategy and opens the property to be desired by an owner occupant (if possible)
- The nature of the competition: what should be considered to be equal to or better than the competition?
- The value impact that other relevant issues may have on the property’s list price
- For detailed information about how to complete a BPO, visit the BPO training course in the Business Portal for an instructional presentation.

Though the BPO provides valuable information, HECM properties will receive an FHA appraisal that will guide the listing process during Pre-6MMTP.

BPO Strategy

Since Fannie Mae uses your BPO to help determine the property’s strategy and list price, completing the BPO as accurately as possible carries responsibilities. These responsibilities dictate that you:

- Perform an exhaustive search that locates the best comparables based on proximity, date, and condition with appropriate adjustments to equalize the comps to the subject. Show us the top, middle, and lower end of the market.
- Access all available sources for comparable information in the area.
- Possess expertise about issues which may impact the property value.

BPO Preparation

When preparing your BPO, do the following:

- Support the value with quantitative and qualitative data.
Section 4: Determining Property Value

- Present comparables that are recent and in close proximity to your assigned property.
- Present comparables that are representative of the value range of properties in the neighborhood.
- Make sure that adjustments reflect the impact to marketing.
- Identify the marketing strategy and most likely buyer.
- Present a detailed list of repairs with accompanying estimated costs for all items needed for a turn key product independent of strategy recommendation.
- If discoloration is present, the BPO must describe the extent as LESS THAN or MORE THAN 100 contiguous square feet. Add commentary to what led to the moisture issue (if possible).

Supply commentary that provides insight for the following:
- Why did you choose the comps you did?
- How did you determine property condition and chosen strategy?
- Will the buyer most likely require financing?
- What is happening in the local economy?
- Does the home have some challenges? Does the local area have some challenges?
- Is the property on well and/or septic?
- Who is our competition? What types of amenities does the competing homes offer that perhaps the subject does not?
- Any additional repair information we may need to know such as more detail or items of concern we should address before making a decision?
- Any other pertinent information that would affect the decision or value of the property?

Provide photos that are clear, preferably in landscape mode. Each should be labeled.
- All comps selected should have a photograph. If you have access to interior photos and they have some amenities the subject does not have, please include those.
- Subject property should include exterior of all 4 sides, street view looking at both directions, and view across the street.
- Show more than one angle of each room with lights on. Capture the ceiling, floor, and walls. Zoom in where needed as an additional photo.
- A picture of every room is required.
- Zoom in to show repairs needed that may be difficult to see from afar.
- Show outside items that need attention and any equipment and out buildings.
- All mechanicals should be captured in the photos.
Section 4: Determining Property Value

BPO Form

Fannie Mae uses two BPO forms – one for single family and one for 2-4 family properties. Equator will task the correct form for the property type.

Follow these general procedures when completing the BPO form:

- Base your property value on the standard marketing time for the area.
- Provide both As-Is and As-Repaired values regardless of the recommended marketing strategy.
- Itemize all repairs necessary to bring the property from its present As-Is condition to turnkey condition, even if you recommend an As-Is strategy. If you recommend a partial repair strategy, address in the comments what the value would be. Check each box that corresponds to the repair you recommend being performed, without regard to the suggested marketing strategy. If you are not recommending a repair on the list, simply leave the box blank. Any needed safety or property preservation repair must be noted. Properties will not be listed with safety hazards present. DO NOT list maintenance, debris removal, landscaping and initial cleaning in the Repairs section of the form.
- The As-Is market value must fall within the indicated adjusted value of the competitive comparables. A range of value IS NOT acceptable. You must determine which comparable will be given the greatest weight in reconciling the value. It can be either a listing comparable or a sold comparable.
  
  **Note:** If the repairs are complete, or no additional repairs are needed, the As-Is and As-Repaired values are the same. The total repairs field equals zero. If partial repairs are completed, the As-Is value reflects the repairs done and the As-Repaired value reflects any remaining repairs needed to be turnkey.

- Fannie Mae requires three sold comparables and three listing comparables as well as a description of the property.
- Use only the previous 6 months for your sold comparables. If there are no 6-month sold comparables in the immediate area, go to the nearest comparable area and adjust for location and explain in comments why you had to broaden your search. You may use REO properties if they are predominant.
- When you finish completing the BPO, review for accuracy and reasonableness. Does this tell the information needed for someone who has never been to the asset? Then, click Save and Submit.
- The BPO task requires a complete set of photos, including photos of all six comparables.
- Fannie Mae requires submission of your completed BPO within 7 days. You will not be tasked to provide the BPO until the property is vacant and re-keyed (or has marketable occupancy) and redemption/confirmation has expired. If initial services have not been performed, contact the Asset Manager to pause the BPO until completion of services.

**Note:** Identify and obtain Homeowner Association contact information.
Section 4: Determining Property Value

You will be tasked with **Provide HOA Information** on all assets. If no HOA is present, complete as such. You are able to select up to two HOA’s to report and can ad hoc the task for additional HOA’s. If there is an HOA balance, it is the agent’s responsibility to contact the HOA/Tax Company Vendor for payment. The outstanding balance information from this task does not trigger notification or payment.

**Updated BPO**

If a property is in Available status, an updated BPO will be tasked so that we always have a BPO less than 90 days old. However, there are times when a property is not in Available status and we need you to proactively produce an updated BPO in advance of the property going on the market so that we have fresh values for listing.

As long as the property is in Pre-Listed status and the Initial BPO was previously completed, you can ad hoc an updated BPO. If you are ready to do a new BPO and the property is in Do Not Market or Unlisted Status, you can request the Asset Manager ad hoc the task for an updated BPO.

We expect you to recognize when an updated BPO is needed and act proactively. Here are some examples of situations where an updated BPO should be ad hoc’d:

- Repairs just completed with photos to show proof of repairs
- Property removed from the market for eviction of a squatter or tenant and is now vacant
- Property removed from the market due to title issue that was just resolved
- Recent damage or vandalism resulting in a change in value
- New comparables that reflect a market change

If you are marketing the property As-Is or As-Repaired, your updated BPO must still indicate both an As-Is and As-Repaired value along with the list of repairs that are needed to make turnkey. If all repairs were completed for turnkey full repair, then the As-Is and As-Repaired values will be the same and the strategy should still reflect “Repaired". In the list of repairs, note “All repairs completed”. If partial repairs were completed, the As-Is and As-Repaired values would be different. The As-Is will reflect the market value for work already completed. Comment on the status of previously used listing comparables if different ones are used on the updated BPO. Comments should also reflect any new local information. If some repairs are now being recommended, explain why you believe this will provide value. Supply new photos with every updated BPO.

**BPO Key Components**

There are nine key components on Fannie Mae’s BPO forms. These components are:

- General Market Conditions
- Subject Marketability
- Competitive Closed Sales
- Marketing Strategy
- Repairs
Section 4: Determining Property Value

- Comparable Listings
- Market Value
- Comments
- Photos

**General Market Conditions**

The General Market Conditions of the BPO form reflect the current condition for marketing the property. If you have additional comments for this component, add them in the Comments section of the BPO form.

<table>
<thead>
<tr>
<th>I. GENERAL MARKET CONDITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current market conditions:</td>
</tr>
<tr>
<td>Employment conditions:</td>
</tr>
<tr>
<td>Market price of this type property has:</td>
</tr>
<tr>
<td>Define Neighborhood Boundaries/Description:</td>
</tr>
<tr>
<td>Estimated occupancy in neighborhood:</td>
</tr>
<tr>
<td>There is:</td>
</tr>
<tr>
<td>Approximate number of total units for sale in neighborhood:</td>
</tr>
<tr>
<td>Approximate number of comparable units for sale in neighborhood:</td>
</tr>
<tr>
<td>No. of comparable listings in neighborhood that are REO or Corporate owned:</td>
</tr>
<tr>
<td>No. of boarded or blocked-up homes:</td>
</tr>
</tbody>
</table>

*Figure 2: General Market Conditions Section of the BPO Form*
Section 4: Determining Property Value

Subject Marketability
For Subject Marketability, pay particular attention to the Unit Type (property) for accuracy. Review prior MLS submissions and use local resources to gain knowledge of previous property condition issues, environmental issues, or other marketability issues. Message the Asset Manager about any issues that require further investigation and also explain in the BPO comments. You have a responsibility to disclose any existing issue(s) which could potentially impact a buyer’s decision to purchase, even in those states where Fannie Mae is exempt from completing a property condition disclosure form.

![Figure 3: Subject Marketability Section of the BPO Form](image)
Section 4: Determining Property Value

Competitive Closed Sales
Select comparables carefully. Choose the ones most similar to your property. See the section titled, Selecting Comparables, for more details.

Figure 4: Competitive Closed Sales Section of the BPO Form

Marketing Strategy
When completing the Marketing Strategy section of the BPO, base your decisions on the needs of the most likely buyer. Consider also the potential return of any repair costs in the form of an increased sales price or amount of discount if repairs not performed. Think about other factors like supply, financing, condition, owner-occupancy ratio, over or under improvement, and days on market as it relates to strategy and price. See the section titled, Recommending a Marketing Strategy for more details.

Figure 5: Marketing Strategy Section of the BPO Form
Section 4: Determining Property Value

Repairs

In the Repairs section of the BPO, itemize all repairs necessary to bring the property into turnkey condition. Do not include maintenance items in this section. Click in the box by those you actually recommend that Fannie Mae perform for the successful marketing of the property. Estimate the cost of each repair and then total all repairs. The BPO calculates the total repair amount and the total recommended repair amount. Notice in the example below that all repairs are recommended to be done.

**Note:** When completing the Repairs section on any BPO form, you must populate the fields with a numerical value containing a decimal and two digits after the decimal such as in the Exterior Paint example below: 4000.00 is correct while 4000 would not be correct and can result in a calculation error.

<table>
<thead>
<tr>
<th>V. REPAIRS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exterior Paint</td>
<td>$4000.00</td>
</tr>
<tr>
<td>Interior Paint</td>
<td>$3000.00</td>
</tr>
<tr>
<td>Flooring</td>
<td>$3000.00</td>
</tr>
<tr>
<td>Stainless Appliances</td>
<td>$2000.00</td>
</tr>
<tr>
<td>Fixtures/Electrical</td>
<td>$2000.00</td>
</tr>
<tr>
<td>Grand Total for All Repairs</td>
<td>$20,000.00</td>
</tr>
</tbody>
</table>

**Figure 6: Repairs Section of the BPO Form**

Comparable Listings

Just as with Competitive Closed Sales, select comparables active listings carefully. Choose the ones most similar to your property. See the section titled **Selecting Comparables**, for more details.

Market Value

Review the range of adjusted values and look for the most recent comparables with the fewest adjustments and closest in proximity. This will guide you in reconciling the values and arriving at both an As-Is and As-Repaired value in the Market Value section of the BPO form.

**Note:** The system will not allow you to select values outside of the adjusted comparable range.

<table>
<thead>
<tr>
<th>VII. THE MARKET VALUE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AS IS</td>
<td>Market Value $134,000</td>
</tr>
<tr>
<td>REPAIRED</td>
<td>$144,000</td>
</tr>
</tbody>
</table>

**Figure 7: Market Value Section of the BPO Form**
Section 4: Determining Property Value

Comments
Include adequate descriptions in the Comments section of the BPO. Cover nuances that are not addressed elsewhere on the form. State which comparable was given the greatest weight in reconciling the values.

![Figure 8: Comments Section of the BPO Form](image)

Photos
Provide photos that are representative of the property characteristics, including positive and negative features of the property, location, and comparables.

Recommending a Marketing Strategy
Fannie Mae works closely with and relies upon the listing agent’s and appraiser’s expertise to contribute the information necessary to develop a marketing strategy for each property. Fannie Mae chooses a marketing strategy that is designed to maximize sales proceeds and enable home ownership, whenever possible.

The Fannie Mae Asset Manager will thoroughly review the available information and prepare a written marketing strategy on each property. The more relevant and complete the information Fannie Mae has on a property, the better the property is positioned to market and sell at full value.

Fannie Mae uses three types of marketing strategies: As-Is, Partial, As-Repaired. Currently, the BPO form only allows selection of As-Is and As-Repaired. For Partial Repairs, if you are recommending only partial/lender required repairs, note this in comments with what you believe the Partial value is, select the appropriate repair items you are recommending, then select an As-Is strategy. When recommending a marketing strategy, base your choice on the following definitions:
Section 4: Determining Property Value

- **As-Repaired**
  This strategy means turnkey conditions at the property. This would be the top value expected for the property.

- **Partial**
  This strategy indicates the repairs recommended for marketing will not be perceived by the market as turnkey condition. However, the repairs are recommended to achieve financing, cure code violations, and preserve the property.

- **As-Is**
  This strategy indicates that the acquired property is in good condition and that no repairs are necessary. If repairs are needed but do not lead to a sound economic decision for Fannie Mae, you would also select the “As Is” marketing strategy.

**Selecting Comparables**

Fannie Mae requires three sold comparables and three listing comparables for a total of six) competitive comparables. Use only the previous six months for your sold comparables. If there are no 6-month sold comparables in the immediate area, go to the nearest comparable area and adjust for location. You may use REO properties if they are predominant.

Good sources for obtaining your comparables are:

- MLS
- Public records – the most comprehensive includes For Sale By Owner (FSBO) sales
- Legal news
- Proprietary data services (REDI, Experian)
- Appraiser’s data bank (Redlink, etc.)

**Market-Specific Comments**

Insert information in the Comments section of your BPO that are specific to the market where your assigned property is located. Analyze the following characteristics for inclusion:

- **Location** – includes crime, external influences, etc.
- **Condition of Comparables** – includes comparable listings and sales. Use the BPO Quality and Condition Rating Terms document. If possible, select a comp similar in condition to the subject and one at the top of the market condition to show the range possible.
- **Owner Occupant Percentage** – what occupant type predominately occupies the area?
- **Most Likely Buyer** – aimed at identifying the buyer and their motivations.
Section 4: Determining Property Value

- **Condition of Property** – includes cosmetic, structural, system, and environmental conditions of the property. Use the *BPO Quality and Condition Rating Terms document*. The Equator BPO form has a menu selection for Condition. You must use the Quality and Condition Rating Guide and note the Condition based on the C1-C6 scale in the BPO grid within the Quality of Construction field.

- **Economic Rationale** – includes costs of repair (investment) as they relate to an increase in value (return), the targeted buyer, etc.

**Noting Issues**

Note issues in the Comments section of the BPO which indicate the property is or is not eligible for financing, such as single wide, no utilities run to the property, the well/septic system is located on another lot, shared drive (no agreement), private road (no agreement), etc.

**Checklist for Preparing the BPO**

Use the *BPO checklist* to help you successfully prepare an accurate BPO.
Section 5: Listing Agent Reimbursement Process
Section 5: Listing Agent Reimbursement Process

Obtaining Maintenance Reimbursements

When Field Services companies, SAM vendors, or other contractors are contracted to perform maintenance work on an assigned property, reimbursement can occur by two different methods:

- The Maintenance and Repair Work Authorization (Form 1093) process is required for those repair expenses that are over $500 and typically add value to the property.
- Expense submission in Equator Invoicing Module (formerly known as a 571 submission) is the reimbursement process for one-time or recurring maintenance expenses, minor or emergency repairs less than $500 with approval, utilities, and approved inspections or fees. Refer to the Section 12: Resources for the Listing Agent Resources Directory that will provide a link to the Expense Classification and Line Item Index to review specific items and eligibility for Expense Reimbursement.

This section provides you with the correct procedures to follow for both processes when seeking Fannie Mae reimbursements for maintenance.

Maintenance and HUD approved repairs during the Pre-6MMTP will be through the assigned HECM Field Services Company. Post-6MMTP and Non-HUD approved expenses will follow the standard process.

Reimbursements (Form 1093)

The Maintenance and Repair Work Authorization Form 1093 is the approval form associated with certain repair or replacement items. The Fannie Mae Asset Manager issues an approved Form 1093 when you request approval for repair, remediation, or special repairs on your assigned properties. Make sure you have the items in your Begin Repairs (Agent) task BEFORE you schedule the requested work.

You are responsible and accountable for reviewing the Form 1093 and its related invoices to ensure accuracy, and that all required items are addressed satisfactorily. Always review the approved repairs against the bids submitted to identify specific items not approved. Further, review the messaging inbox for Asset Manager comments that explain why an item was not approved and whether additional actions are needed. If required items are missing, or the Form 1093 is otherwise incorrect, contact the Fannie Mae Asset Manager to resolve the issue before ordering the work. In addition, make sure that the “Pay to Vendor” section on the Form 1093 is correct. That section specifies who Fannie Mae reimburses. It will either be the name of the listing agent or SAM Vendor.

The Fannie Mae Asset Manager can stop the repair process at any point. If repairs were approved but none or only part of the work is performed, note this in the Repairs Complete (Agent) and/or Review Completed Repairs tasks. On non-SAM items, enter the dollar amount of what was actually completed. This includes entering a value of zero dollars if no work was performed. On SAM items, the repair company will enter the true amount of work performed. Any over-payments or duplicate payments must be returned to Fannie Mae within 3 days of recognition or notice of the occurrence.

Note: NEVER PAY a contractor until you have checked the property to verify all items are satisfactorily completed and never report the repair items completed until physically inspected.
Section 5: Listing Agent Reimbursement Process

You are required to pay in full any invoices for Non-SAM repairs following the completion of repairs. Completing the task to trigger payment verifies your compliance with all inspection and payment requirements. After the repairs are completed, you are responsible for inspecting the property within two days to ensure that all repairs are satisfactorily completed. For non-SAM items, you will receive the Repairs Complete (Agent) task; for SAM items, you will receive the Review Completed Repairs task. Photograph all repairs and include in the next updated BPO. If the repairs exceed $3,000, ad hoc an Updated BPO and complete. Request the Asset Manager ad hoc the Updated BPO if not available to you to ad hoc. Include the photos and reflect the impact to value made by the repairs.

Follow the steps below to file for Form 1093 reimbursement from Fannie Mae:

1. Complete the tasking within 1 day following the satisfactory inspection of the completed repairs.
2. The Maintenance and Repair Work Authorization Form 1093 approved amount must match the amount shown on the vendor invoice. Do not update the purchase order to indicate completion if there are any discrepancies. The invoice presented for payment must be from the actual contractor performing the service.
3. Identify any line items on the invoice that differ from those on the Form 1093 and contact the Fannie Mae Asset Manager to discuss the changes in amounts. For example, if an invoice line item is lower than the Form 1093-line item amount, let the Fannie Mae Asset Manager know about the reduction before requesting reimbursement.

To expedite the processing of your Form 1093 reimbursements, make sure your maintenance vendors include the following items on their invoices:

- If items are taxable, each line item on the invoice must include sales tax. Do not accept an invoice that shows a sum of all tax at the end of the invoice.
- The invoices must be itemized and detail all work performed and cost per line item.
- The invoice from the vendor must show the complete property address, and the property REO ID number or loan number. You may only add this information to municipal bills that only have an account number. Obtain corrected invoices from all other vendors.
- The invoice must be from the actual vendor and include the vendor name, address, amount owed, description of work completed, and the date of service.

An acceptable invoice may be an invoice, statement, or bill for services performed. It is not acceptable for submission if it is a bid, proposal, or estimate. The invoice must be in English.
Whirlpool Appliances

When Whirlpool appliances are involved, inspect them to confirm order completeness and that no damage exists. Confirm appliance delivery and all other repairs prior to task completion.

In a Non-SAM area, Whirlpool authorization for payment occurs when you complete the Appliance Delivery Confirmation task. Upload the Whirlpool Bill of Lading to complete the task. You can also retrieve the Bill of Lading from the Whirlpool site using the instructions in the Appliance Delivery Job Aid located in the Listing Agent Resources Directory. Do not complete the task with a blank document in place of the Bill of Lading. See Table 13: Types of Reimbursements for examples of reimbursements and the correct path for reimbursement.

### Table 12: Types of Reimbursements

<table>
<thead>
<tr>
<th>Expense Reimbursement</th>
<th>Form 1093</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Preservation</td>
<td>Appliances</td>
</tr>
<tr>
<td>Securing</td>
<td>Environmental</td>
</tr>
<tr>
<td>Cleaning</td>
<td>• Discoloration Remediation</td>
</tr>
<tr>
<td>Lawn Care</td>
<td>Structural (if more than $500)</td>
</tr>
<tr>
<td>Utilities</td>
<td>• Plumbing</td>
</tr>
<tr>
<td>Inspections/Property Registration Fees</td>
<td>• HVAC</td>
</tr>
<tr>
<td>Demolition</td>
<td>• Electrical</td>
</tr>
<tr>
<td>Removal of Damaged Materials (drywall, ceiling tiles, floors)</td>
<td>• Hot Water Heater</td>
</tr>
<tr>
<td>Relocation Assistance</td>
<td>Carpentry</td>
</tr>
<tr>
<td>Services</td>
<td>Flooring</td>
</tr>
<tr>
<td>Swimming Pool Service</td>
<td>• Carpet / Vinyl</td>
</tr>
<tr>
<td>Pest Control (fleas, rodents, ants, snakes)</td>
<td></td>
</tr>
<tr>
<td>Termite Treatment, Carpenter Ant/Wood-Destroying Insect Treatment, and Clearance Repairs</td>
<td></td>
</tr>
<tr>
<td>Emergency or Minor Repairs &lt; $500 (excludes cosmetic repairs requiring Form 1093)</td>
<td></td>
</tr>
<tr>
<td>Appliance Repairs</td>
<td>Painting</td>
</tr>
<tr>
<td>Roof Repairs</td>
<td>• Wallpaper</td>
</tr>
<tr>
<td>HVAC Service Calls/Repairs</td>
<td>• Drywall</td>
</tr>
<tr>
<td>Plumbing Leaks</td>
<td></td>
</tr>
<tr>
<td>Electrical Repairs</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
</tr>
<tr>
<td>Pumping Water</td>
<td></td>
</tr>
<tr>
<td>Boarding</td>
<td></td>
</tr>
</tbody>
</table>
Expense Reimbursements

Fannie Mae uses the Expense Reimbursement process via the invoicing module in Equator to reimburse you for maintenance items that are not covered by a Form 1093. Specifically, expense submissions are used to obtain reimbursement for preservation and maintenance items that occur, such as lawn care, inspections, pool maintenance, utility payments, and monthly interior cleaning.

Repair or replacement work such as fixing a pump or making emergency repairs in excess of $500 requires approval and a Form 1093. The key to billing is to differentiate between property preservation and maintenance vs. actual repairs. For example, an expense of $600 for pumping water from a basement and removal of the water damaged materials may be approved for expense reimbursements. However, plumbing work for $600 required to repair the plumbing that caused the leak will require a Form 1093 because repairs submitted as an expense are limited to no more than $500, even if considered an emergency. Any repairs less than $500 eligible for reimbursement as an expense will require Asset Manager approval.

Ask your Asset Manager for clarification if you are unsure whether to follow Form 1093 or expense guidelines.

Generally, you pay the preservation and maintenance bills once the service is satisfactorily completed by the vendor, and then file for Fannie Mae reimbursement by submitting a New Expense in Equator. There is an exception with regard to Fannie Mae’s Field Services companies and SAM contractors. These vendors bill Fannie Mae directly for initial and ongoing services as referenced in Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors, so you do not pay them for initial maintenance. Do not order duplicate services if the case is assigned to a Field Services Company because you will not be reimbursed.

When you close on a property, cancel all utilities and routine maintenance without delay. Submit your expenses immediately for reimbursement. It is not necessary to wait for all of the final bills. Utility expenses with a service date greater than 10 days after closing are subject to rejection. Any service with a performed date after closing will be rejected. For services billed monthly, the end date for the final month must not be a date after closing.

Selecting Vendors for Maintenance and Repairs

You must obtain competitive pricing for services and repairs you contract for on behalf of Fannie Mae. Allowable expense limits should be considered the upper range of competitive market pricing and should not be the standard for pricing of services. When arranging for maintenance and repair work on REO properties, agents must directly engage the vendor who will perform the work, unless previously directed to use the assigned Field Services Company or SAM contractor. Use of a general contractor who subs out work results in additional and unnecessary costs. The services must be truly arm’s length transactions with no use of related/affiliated parties as per Section 10, paragraph E of the Master Listing Agreement (MLA). Failure to comply can result in disciplinary action up to and including termination.
Section 5: Listing Agent Reimbursement Process

It is not appropriate to use an unlicensed generalist as an intermediary when the work will require a specialist or licensed professional. This is particularly the case when specialty repairs and services are required, such as swimming pool maintenance and repairs, well and septic repairs, and structural repairs. Select the appropriate type of vendor that other homeowners would consider hiring for the same type of work. The vendor selected for carpet cleaning or tree trimming would not be the same vendor selected for electrical work, plumbing repairs, or HVAC inspections. If you have questions about vendor selection, contact the Asset Manager before obtaining bids.

Notes:

• Submit requests for reimbursement within 15 days of receipt of the bill- do not hold bills and wait until after closing to submit for reimbursement.

• Payment requests received 15 days or later from the property settlement date – except for final utility bills -- may result in non-payment, at Fannie Mae’s discretion.

• You must submit final utility bills within 15 days of receipt. Submissions later than that are subject to rejection.

• Submissions of non-utility bills more than 60 days after closing are not eligible for reimbursement.

• Any over-payments or duplicate payments must be returned to Fannie Mae within 3 days of recognition or notice of the occurrence.

• If you have a rejected submission eligible for resubmission, you must cure the issues that resulted in rejection and resubmit within 3 days of the rejection or reimbursement may be denied. If an expense submission is rejected, you will see a reason for rejection in Equator. If still eligible for resubmission, you will see the required action. It is important to act within three days on those still eligible for resubmission or you risk denial. It is your responsibility to continually reconcile payments and review the status of your expense submissions. If you have a rejection, click the “+” to expand the comments section in the expense submission.

• Refer to the Equator Agent User Manual for expense status descriptions.

Expense Guidelines

Follow the guidelines below when submitting your expenses.

Upon Closing/Rental/Listing Cancellation

Submit expenses immediately upon a property closing, a property entering Fannie Mae’s rental program, or a listing cancellation, regardless of the amount. Send your final expenses within 15 days after the property disposes. You must submit final utility bills within 15 days of the invoice/billing date. Some exceptions apply for final utility billings in specific states due to late meter readings by the local authorities.
Upon Reassignment

If a property is reassigned to someone else (such as an auction company not retaining your services or another agent), submit outstanding expenses immediately. After a property is transferred (reassigned), it no longer appears in My Properties in Equator. You can still submit your reimbursement request on the property even if you cannot “see” it. If you receive a transfer from another agent or Property Management company, do not re-key until you confirm the re-key status. A duplicate re-key will not be reimbursed.

Overpayments

Overpayments must be remitted within three days of notification or recognition that you have received an overpayment. Message the Asset Manager immediately if you receive a payment in error. Submit overpayments by issuing a check with the 10-digit loan number and Receipt Code 322 written on the memo line of the check. Send to:

Fannie Mae
REO Accounting
P.O. Box 277672
Atlanta, GA 30384-7672

If the check is for more than the overpayment, only remit the portion that should not have been paid.

Invoices

Include all invoices with your expense submission. You are not allowed to bill more than the actual cost of a service nor are you allowed to add a handling fee to any expenses. If you pay a convenience fee for online processing, that expense is reimbursable up to $10.

If you have more than one invoice for a particular Reason Code, combine the total of all invoices and enter the date range reflected for the earliest invoice to the last one. Then, list the other service dates in the description details. For example, this applies when you have several weeks of pool service submitted on one invoice as the monthly pool service. This does not include utilities, which need to have each monthly bill submitted separately.

If utilities are bundled and the property is not eligible for the Utility Management Program, you may file one submission for reimbursement but note in the description which utilities are being billed. File one submission for each billing month on its respective Reason Code. So, if the city bills for water, sewer, and garbage on one invoice for the month, then there is no need to separate these expenses and one submission is acceptable.

If you have an invoice with multiple repairs itemized and the total is more than $500, a 1093 will be required, even though each individual item may be eligible for expense submissions. The repairs are viewed as one event when performed and billed by one contractor. Splitting out items from the same invoice into multiple expense submissions under $500 is not acceptable and will be rejected.

If you have a bid with multiple maintenance items and the total is over $1000, then a second bid must be obtained before submitting for approval. Certain emergency situations, such as property flooding, may not allow time for a second bid for the initial water extraction.

Do not mix maintenance and repair items on the same bid or invoice. Example: property floods and water extraction is performed (maintenance) and carpet reinstalled (repair) after drying.
Section 5: Listing Agent Reimbursement Process

Invoices must be from the actual vendor and include the contractor’s company name, address, phone number, type of service performed, and date completed with each submission. Include the complete REO property address. If the invoice is a screen shot, then all required elements must appear in the screen shot to be acceptable. You may need to provide more than one screen shot to show the association with the property address to the payment screen. When saving the screen shot(s) for uploading, save only as a JPG or Adobe PDF format. MIME formats (taken from Internet screen shots) will not upload correctly. Review the file extension to make sure it shows JPG or PDF for successful document upload.

**Note:** You cannot handwrite a property address on an invoice with the exception of a municipal utility bill.

### Submitting Expenses in Equator

There are two ways to submit expenses:

- **New Expense** – Submit expenses that do not require approval such as ongoing utilities and other expenses with a pre-approved tolerance. Do not use this to submit for services paid directly to the Field Service Company.

- **Pre-Approval** – Submit for pre-approval before authorizing the service and incurring the expense. You no longer need to message the Asset Manager for approval. Do not use this to submit for services paid directly to the Field Service Company. If you submit an expense for pre-approval, following completion of the service and payment of the expense, you must edit the pre-approved expense, upload the supporting documentation and submit for reimbursement. Do not submit as a New Expense.

Use the *Equator Expense Classification Index for Listing Agent Reimbursement* in Section 12: Resources to determine the correct Category and Reason Code or to find out if approval is required before proceeding with the service.

### Expense Submission Reason Codes Reserved for Property Management Companies

Do not select the Reason Code of Occupied Property when creating expense submissions. This is only for property management companies.

### Pre-Approval vs New Expense

- Agents should submit any item that needs prior approval by Fannie Mae as a Pre-Approval Expense.

  **Note:** Utilities should never be sent as Pre-Approvals.

- If a Pre-Approved expense needs to be cancelled, message your Asset Manager and request cancellation and the reason.

- Once Pre-Approved work is completed, make sure and click the Edit button instead of submitting as a new expense. You will need to attach the invoice.

- If the cost of a Pre-Approved expense is more than the original approved amount, you do not need to submit a new Pre-Approval. Instead, click the Edit button and adjust the amount. This will trigger to the correct party for re-review.
Section 5: Listing Agent Reimbursement Process

- Do not submit any expense for reimbursement if it has been included on a Repair Authorization Form 1093. Tasking completion submits those for payment.

**Categories prohibited for use by Agents:**
- 2016 – Occupied Property – Maintenance
- 2017 – Occupied Property – Repairs
- 2018 – Occupied Property – Other Fees and Expenses
- 2019 – Occupied Property – Utilities/Rekeys

**HOA & Tax Program**

Fannie Mae utilizes a vendor to handle HOA & Tax items. If you get a request to pay HOA dues or taxes, forward the request to the HOA and/or Tax vendor and copy the HOA and/or Tax Specialist in Equator. Please do not request any documents from the HOA or pull any tax documents upon property assignment, as you will not be reimbursed. The HOA and Tax vendors will obtain the documents upon referral to them. Depending on the circumstance, the HOA or Tax vendor may ask for your assistance.

*Note*: You will not be reimbursed if you pay HOA dues, even if told to pay it by the Closing Company.

**Submission Deadlines**

Late submission of an expense 60 days after closing is not eligible for reimbursement. A final utility bill submitted more than 15 days after the invoice/billing date will require a detailed explanation when submitting the expense.

**Do Not Wait to Submit!**

Submit each expense as it occurs following your payment. You must pay the provider prior to submission. Failure to pay the vendor first is a serious performance issue because you are representing that the expense is paid by submitting it.

**Expense Classification**

When requesting expense reimbursement, you will need to select the category and type of expense. Obtain approvals as required when the preapproved amounts are exceeded. All expenses in Equator require dates of service to be entered. Example, if a repair service was completed on 3/1/16, then both the service “from” and “to” date should reflect this date. If a different type of service was performed over several days, then the service “from” and “to” dates should reflect the range: 3/1/16 – 3/3/16. These dates must match the invoice submitted. If more than one date of service occurred, use the beginning service date through the last service date to cover the range. Some items may be performed by an assigned Field Services Company as part of the initial or ongoing services and are not reimbursable to the agent.
Section 5: Listing Agent Reimbursement Process

Allowable expense limits are the preapproved limits for each expense type. *Allowable expense limits should be considered the upper range of competitive market pricing and should not be the standard for pricing of services.* For any expense that exceeds the allowable limit, contact the Fannie Mae Asset Manager via messaging prior to submission. Some items may be performed by an assigned Field Services Company as part of the initial or ongoing services and are not reimbursable to the agent.

**Note:** If the property is not assigned to a Field Services Company, the initial services (cleaning, lawn, and trash removal) utilize the expense approval limits in the *Equator Expense Classification Index for Listing Agent Reimbursement* in Section 12: Resources.

### Table 13: Reimbursements

<table>
<thead>
<tr>
<th>How to Get Reimbursed Using Equator</th>
<th>Form 1093</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses Reimbursement</strong></td>
<td><strong>1.</strong> Inspect repairs.</td>
</tr>
<tr>
<td>1. Submit request in Equator for eligible expenses.</td>
<td><strong>2.</strong> Complete Repairs Complete (Agent) or Review Completed Repairs task.</td>
</tr>
<tr>
<td>2. Accurate submissions: Category/Type Approvals Comments Form Edits Timing</td>
<td><strong>3.</strong> Submit the invoice if the contractor is a non-SAM vendor.</td>
</tr>
<tr>
<td>3. Include invoice copies as you submit expenses. Reminder: submit using actual service dates as reflected on the invoice. The invoice must contain the property address, and the classification index should be used to determine accurate reason codes. Failure to follow these instructions may result in a rejection and require resubmission, ultimately delaying reimbursement.</td>
<td></td>
</tr>
</tbody>
</table>

**Inquiry Response Tool**

The Inquiry Response Tool (IRT) replaced the broker_expense_questions@fanniemae.com mailbox. The intent of IRT is to address questions about pending or previously decisioned expenses. IRT is not intended to replace your Fannie Mae representative’s role in answering claim submission procedures. If you have a question appropriate for the IRT and do not have user credentials, request access directly by sending the following information to IRT_setup@fanniemae.com:

- Full company name
- Full name of individual, email address, and title of at least one supervisor/manager to be set up as a primary user that can control the addition/removal of other team members
- Primary Vendor ID (TRAX ID)
Section 5: Listing Agent Reimbursement Process

Processing Demolition Approvals and Expenses

In some instances, it is necessary to remove a dwelling or other large structure, such as a barn or outbuilding on a property. This may be due to a municipal order or following a catastrophic event such as a fire or flood, because the structure is unsafe, or removal will enhance the marketing of the property. It is important that you follow the process for obtaining, submitting, and approving demolition bids and expenses when removing a dwelling or other substantial structure on the property. The demolition and related issues should be resolved prior to listing/marketing the asset. Immediately notify the Code Compliance Specialist of all potential demolitions.

Note: This section does not include the removal of sheds and other small structures which can be an ad hoc request by the Agent, and if approved, performed by the Field Services Company.

• Contact the assigned HECM Field Services Company for this service, which requires HUD approval during the Pre-6MMTP.
• The Post-6MMTP and all Non-HUD approved expenses follows the standard process...

Submitting a Bid

Ad hoc the Scope Repairs (Agent) task and complete with a demolition line item. If the cost is over $5,000, obtain two bids. The bids should be from specialty contractors whom you determine are licensed (where necessary), insured, and capable of handling the demolition. Regardless of the cost, once approved you will receive the Demolition Complete task. Once you confirm the demolition is complete, reimbursement will be via the expense that is automatically created from workflow. If you receive a 1093 for demolition, contact the Asset Manager immediately.

Note: When a municipality provides a notification for an amount they will lien for demolition, submit with the bids obtained and notify the Code Compliance Specialist via Equator, because Fannie Mae may select that alternative. Also, make sure that any required permits are pulled for the demolition.
Section 6: Managing the Bid and Repair Process
Overview

Fannie Mae implements a REO property repair process that aligns with the marketing strategy. Fannie Mae chooses a marketing strategy designed to sell property at a price that best preserves the property values and maximizes Fannie Mae’s proceeds. Three types of marketing strategies are used to carry out Fannie Mae’s mission:

- As-Is
- Partial Repairs
- As-Repaired

Though you recommend a specific strategy, Fannie Mae makes the final decision. The better you document and support your repair request, the more likely Fannie Mae is to approve your recommendation.

When presenting a request for property repairs to the Fannie Mae Asset Manager, use the following guidelines for preparing your recommended repair documentation:

- Distinguish between Partial/Lender Required repairs (considered an As-Is strategy) and your recommended As-Repaired choice.
- Base your repair recommendation on the conditions of the comparable listings and sales.
- Consider the needs of your targeted buyer and suggest repairs that meet those needs.
- Target a “Dollar-for-Dollar” return that does NOT exceed your BPO spread.

If the repairs exceed the difference between As-Is and Repaired Values, usually the As-Is value is too high, or the Repaired Value is too low. Review your comparables and reconcile the values again.

- Consider only those repairs necessary to return the property to average marketable condition. Average is defined as comparable condition to other properties in the subject’s market area.
- Provide itemized cost estimates for each repair on your list.
- Minimize the repair timeline, and the associated costs, by carefully detailing all repairs for bidding. This prevents unexpected repairs and delays.

Bid and Repair Process Overview

The complex repair process in Equator results in a thorough evaluation of repairs. Make sure that you use the job aids in the Public Lender Files in the Equator Library as well as the Repair Process e-learning course in the Business Portal for assistance. If you have questions about Fannie Mae’s bid and repair process, contact the Fannie Mae Asset Manager.
Section 6: Managing the Bid and Repair Process

Service Agreement Market (SAM) Contractors

Fannie Mae enters into agreements with various contracting companies by state. These companies are referred to as SAM contractors. Equator orders will show them as Repair Companies. These contractors typically fall into two broad categories -- General Rehab or Flooring.

Not all states have SAM providers. In areas where SAM contractors are available, the system automatically assigns them to the work item. If the item is maintenance (e.g., tree trimming, pest control, tarping a roof), a specialty type repair (e.g., well and septic systems, swimming pool repair, built in fire suppression systems or sprinkler systems), or environmental remediation, the system will trigger the bid process to you as a non-SAM item. This is an indication to you that a local contractor should be utilized. Because SAM contractors are contracted directly with Fannie Mae, they streamline the bid and repair process for you, reduce the repair costs, and bill Fannie Mae directly.

HECM Preservation Repairs

The assigned HECM Field Services Company will be paid directly for HUD approved repairs and expenses Pre-6MMTP. Coordinate all repair and service requests with the HECM Field Services Company. Fannie Mae has streamlined the repair process for those properties in the Pre-6 Month Marketable Title Period.

Post-6MMTP and Non-HUD approved repairs will follow the non-HECM process.

In areas that have no SAM contractors, obtain bids from repair companies that are not related to, or affiliated with you, your company, or other agents/employees in your company due to potential conflicts of interest. Fannie Mae must limit liability at all times. Use the Broker Scope of Repairs form available in the document library. This must be signed by the contractor. Additional detail can be attached to it and may be required, especially for specialty repairs such as foundations, well and septic, swimming pools, etc.

Using a SAM Contractor in a Non-SAM Area

The SAM Contractor List is periodically updated and distributed by the Vendor Desk and defines the designated territories covered by the SAM Contractor agreement. SAM contractors may agree to provide bids in areas that fall outside of the territory designated on that list.

The SAM contractor will not be considered a SAM when providing bids in a Non-SAM area. An additional bid will be required if the bid total is $5,000 or more and the Form 1093 will always be made payable to the brokerage, not the SAM. The agent will need to pay the SAM contractor and then submit for reimbursement.

Performing environmental remediation is not within the scope of the SAM Contractor agreement. Some SAMS are certified for environmental work and when providing bids for this specialty work, two bids are required, and the Form 1093 will be made payable to the brokerage. As a reminder, the environmental consultant manages this process and you should review and comply with the section on environmental issues.

When the Form 1093 is received, review and confirm all approved amounts match the bid and make sure that the SAM contractor’s name does not appear on the form. If there are any discrepancies, contact the Asset Manager.
Managing Repair Bids

It is your responsibility to manage repair bids and the work performed by SAM contractors or other repair contractors. Fannie Mae does perform quality check site visits but depends on your professionalism to ensure the property is properly repaired and market-ready at all times.

If a SAM contractor or other contractor is not performing repairs to your satisfaction, notify the Fannie Mae Asset Manager.

Is the Property Ready for a Repair Bid?

If there are problems with access, utility connection, or other issues preventing completion of the Scope Repairs (Agent) task, message the Asset Manager and request for a task pause. Include the reason why you are requesting pause and the estimated date for issue resolution. Properties prepared correctly for bidding will minimize delays in obtaining bids and starting repairs.

Note: Many of the questions below will be present in the Scope Repairs (Agent) task to confirm that the property is ready to repair.

- Has the subject been properly trashed out and cleaned?
- Are all utilities active?
- Is the HVAC system on and functioning properly? Is a service call in order?
- Are there any structural issues that may need further discussion with your Asset Manager?
  - Significant issues may require further investigation. Discuss any structural issues with your Asset Manager.
- Is there a well or septic system? Are they in good working order? Have you discussed the issue with your Asset Manager?
  - Wells and septic system repairs can be extremely costly and require inspections from local licensed specialty vendors. Do not request bids from general contractors.
- Is there a pool on the premises; above-ground, or in ground? Should the above-ground pool be removed? Is the in-ground pool in good condition?
  - All pool repairs require at least one bid from a local pool service vendor/ 2 bids if over $5,000. Above-ground pools, if removal is recommended, should be requested as part of the initial trash out. If the property is to be repaired and the pool is not removed or is an in-ground pool, the pool should be restored to operational condition.
- Discuss all service calls/inspections with your Fannie Mae Asset Manager and obtain approval. If an inspection is necessary, the inspection must be performed by a third-party company that is properly licensed for the particular specialty need. The inspection company will not be eligible to bid the work. If the functioning of a system is questionable, a service call may actually be needed instead of an inspection and should be obtained prior to submission of the bids so that the bids contain all items necessary for repair. Most service calls or inspections can be completed as expense items. Roof inspections/certifications should not be requested as part of a repair bid. If there are issues with the roof, request a bid. If a buyer inspection, requests a certification, all inspections/certifications are at the expense of the buyer. Refer to the Equator Expense Classification Index for Listing Agents in Section 12: Resources for further information.
compliance with state and local law, Listing Agents have a responsibility to disclose in writing any known existing issue(s) which could potentially impact a buyer’s decision to purchase, even in those states where Fannie Mae is exempt from completing a property condition disclosure form. Information requiring disclosure may include, but is not limited to, property inspections/reports, environmental remediation and testing, governmental notices, and any other documents indicating issues relevant to the purchase and ownership of the property. Retain documented proof that the buyer received a copy of any disclosed information.

Obtaining Repair Bids

Once the Fannie Mae Asset Manager has selected their Marketing Strategy Guideline (MSG) for the asset, you will receive a message in Equator notifying you of the decision. The Fannie Mae Asset Manager tasks you via the Scope Repairs (Agent) task to obtain repair bids based on the marketing needs of the property, as well as any repairs identified on inspection reports such as structural, mechanical, environmental, or pest issues. Within the task, you will see the name of a General Contracting SAM Vendor. Contact them immediately to set up a joint walkthrough of the property. (This is not needed for minor or specialty repairs.) Some repairs may be eligible for expense reimbursement if $500 or less. However, if multiple repairs are performed by the same contractor and the total is greater than $500, a 1093 will be required. If a 1093 is issued, never submit the same items via the expense reimbursement process.

**Note:** Monitor your Scope Repairs (Agent) tasks to avoid delays. The Fannie Mae Asset Manager may have selected a marketing delay strategy to complete repairs in advance of listing the property. It is imperative to quickly complete the tasks and get the process in motion. Within the Scope Repairs (Agent) task, indicate in the Repair Bid Type field what strategy was selected by the Asset Manager. Select “Marketing Repairs” for fully repaired strategies and “Lender Required” for partially repaired strategy cases. When completing the Scope Repairs (Agent) task, provide a detailed list of repair items within two days of receiving the request. You will specify the category and subcategory for each item. Do not select Other unless the item is truly outside of the other options. Also pay close attention to the service type options. There is a different outcome if you say you are repairing flooring versus replacing flooring. Use the Equator Repair Bid Matrix job aid found in Section 12: Resources to determine the correct scoping path.

You must complete the Scope Repairs (Agent) task by using a specialized Scope Repairs Upload Excel spreadsheet to complete the scoping/bidding tasks if more than one item is to be scoped. If you do not complete using the Scope Writer, the system will require you to explain in comments. As you complete a field on the spreadsheet, the subsequent fields are revealed for selection. This will reduce the time it takes to complete a lengthy scope. Agents must select “Scope Writer” within the Scope Repairs (Agent) task to do the upload and must complete the fields with their information.

**Note:** If "Agent" is selected, the spreadsheet cannot be uploaded.

SAM contractors should not provide bids for the following specialty items:

- Foundation repairs and/or inspections or repairs requiring a structural engineer’s inspection and sign-off.
- Pool repairs, inspections, and/or maintenance
- Septic system inspections, repairs and/or maintenance
Section 6: Managing the Bid and Repair Process

- Well inspections, repairs and/or treatment
- Environmental inspections and remediation

If appliances are included in the bid, and a Non-SAM contractor is providing the bid, you must complete the Whirlpool Appliance Form and specify which appliances to replace, the type and color of those appliances, and provide the form to the contractor within the Provide Repair Bid task. The appliance process is further explained in the Appliances section.

**Note:** When selecting appliances in a non-SAM area, it is imperative that you obtain the right measurements and the type of appliance (i.e., gas or electric) you need when completing the Whirlpool order form. There is an expense involved to return appliances ordered in error.

**Guidelines for Obtaining Repair Bids**

The availability of SAM contractors for your property dictates the number of bids that you obtain for the repairs. Use Table 15: SAM and Non-SAM Contractors as your guide.

<table>
<thead>
<tr>
<th>Table 14: SAM and Non-SAM Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SAM Contractors</strong></td>
</tr>
<tr>
<td>SAM contractors will be system assigned where available. This includes buyer inspection repairs but excludes maintenance, specialty repairs, and environmental remediation.</td>
</tr>
<tr>
<td>Only one bid required.</td>
</tr>
<tr>
<td>SAM repair contractor completes the Whirlpool Order Form by selecting the appliances specified in the Scope Repairs (Agent) task comments. Agent only scopes “labor” and no materials.</td>
</tr>
</tbody>
</table>

**Completing Repair Tasks**

You have up to two days to complete the Scope Repairs (Agent) task. The Asset Manager will review your scope and advise if edits are needed by selecting “Rescope” which reopens the Scope Repairs task to you. They may also accept or reject the scope. Once approved by sales, the system will trigger a SAM or non-SAM path based on the area. If repairs follow the SAM path, you will receive a message indicating the specific SAM contractor selected for the bid. If the non-SAM path is followed, you will receive notification via the Distribute Repair Bids task and then the Provide Repair Bids task.
Section 6: Managing the Bid and Repair Process

Once all bid amount tasks are completed (SAM & non-SAM), you will receive a complete list of all repairs and their amounts for review via the Review Repair Mod (Agent) task. Review the bids for accuracy and completeness and complete the task within 1 day by selecting Recommend or Do Not Recommend for each repair item. You will be required to comment on any repair items that you do not recommend. If the item on the bid is recommended but includes additional items not necessary for marketing, you must explain why any items are not necessary. Further, add comments to justify repairs that are complex or not easily observable from the photos or contractor’s description. The Fannie Mae Asset Manager considers the Repair Bid Package based on the following information:

- Your recommendations whether or not to complete repairs with the rationale showing the recommendation aligns properly with the best Fannie Mae marketing strategy. Review the Agent Marketing Strategy Guidelines in the Listing Agent Resources Directory.
- Your opinions about the repair contractor’s other suggested repairs as noted on the contractor’s addendum. You must comment on each additional repair item to note whether it is or isn’t necessary for the marketing of the property.
- Any other supporting facts or details proving you have considered all appropriate data. If previous repairs have been completed or are in process, you must review the scope to make sure new bid requests do not duplicate work.
- If the repair items are taxable, verify each line item on the Scope of Repairs form includes the applicable sales tax in the line item charge. Tax cannot be totaled as a separate line item on the invoice. Be sure the contractor includes the cost-plus-tax price for each line item at the start of the process to prevent issues when you request Fannie Mae reimbursement.
- All repair items must have itemized costs, and the quantity of material needed for making the repair. Contractors are required to enter quantifiers (measurements, quantities, square feet, number of squares, etc.). If room for quantifiers is limited, contractors can use the Contractor Addendum for more explanations. Examples include the number of squares of roofing, weight and yardage of carpet/vinyl in the bid.
- The contractor must include in the bid any required municipal permits and inspection fees.
- On occasion, a property marketed As-Is may require a repair bid in order to settle an outstanding Mortgage Insurance Company (MI) claim. If this kind of bid is required, you will receive a Scope Repairs (Agent) task with repair type of MI bids which will take the Non-SAM path. Contact your Asset Manager via messaging to obtain expense approval to compensate the contractor up to $100 for preparing the bid. Make sure that you only itemize those items that bring the property to average marketable condition. For MI bids, you may use a local contractor. If you use a SAM contractor for the bid, you must pay the SAM $100 and submit for reimbursement.
- The Contractor’s Addendum contains items with an explanation and estimates that you did not include in your initial bid request.
- Flooring costs from the SAM contractor, if applicable.
- If property is in a Non-SAM area, appliance costs from the Whirlpool Appliance Form, if applicable. Refer to the Resources section of this Guide for the Instructions for completing Whirlpool Appliance Forms.
- Do not add appliance material items to the Non-SAM Contractor Addendum because the process path will not flow correctly to Whirlpool. The correct process is to ad hoc the Scope Repairs (Agent) task and start over to add appliance materials.
Section 6: Managing the Bid and Repair Process

For non-SAM items, you must include the complete contractor contact information with a daytime phone number. The contractor may be contacted to verify pricing and answer questions about the bid.

National HVAC Contractors

Bids will be directed to a National HVAC contractor if the service type of "Replacement" is selected when completing the **Scope of Repairs (Agent)** task. These guidelines are provided to you so you are aware of the work expected to be performed when completing your inspection following the job completion.

**Note:** If “Replacement” is not expected and a service call is required for a minor repair or assessment of an issue, DO NOT scope with the service type of “Replacement” as this type of work will be done by the SAM or local contractor, if not in a SAM area. The service type of “Replacement” will send the bid to the HVAC contractor which is not correct unless the components named below require replacement.

Fannie Mae defines "Replacement Services" as services intended to return a failed, failing, or incomplete HVAC system to its normal operating condition through the replacement of the component(s) determined to be the root cause(s) of the failure. The objective of all replacement services shall be to return the system to a standard consistent with the average condition (among properly functioning systems) in the surrounding community. In reviewing a Repair Bid submitted by a National HVAC Company you must keep this intention in mind.

**Replacement of the components below will be performed by the National HVAC contractor:**

- Air Conditioner - Outdoor Unit (Split System)
- Heat Pump - Outdoor Unit
- Compressor Only (Split System)
- Compressor Only (Heat Pump)

**Indoor Components**

- Furnace (or equivalent)
- Heat Exchange (Gas)
- Air Handler/Fan Coil (with Built-in Coil)
- Air Handler (without Built-in Coil)
- Coil (Within Cabinet)
- Coil (No Cabinet)

**Complete System Replacement**

- Split System AC w/Furnace
- Split System AC only
- Heat Pump
- Package Unit (Outdoor)

**Included in Contract Pricing by HVAC contractor when performing services above:**

- The purchase and distribution/delivery of all parts, materials, and supplies
- Diagnostic check of the system
Section 6: Managing the Bid and Repair Process

- The labor and materials required to:
  - Remove and dispose of the existing equipment associated with the Fannie Mae approved bid.
  - Dispose of any packaging material equipment associated with the Fannie Mae approved bid.
  - Install the replacement part(s) equipment associated with the Fannie Mae approved bid.
  - Replace, as necessary, the electrical disconnect, the electrical whip, the gas connection lines (flex, or rigid), the copper connection to the refrigerant lines, the connection to the condensation drain line, the exterior pad, the refrigerant filter/dryer, the condensation pump, the secondary condensation drain pan, the secondary drain pan float switch, the filter rack, the filter, and connect equipment to duct system, perform venting to code and any copper fittings as required in any new equipment installation which will include any third party fees and services to perform the replacement(s).
  - Manufacture and install any type of new system plenums as necessary.
  - Connect replacement system to the electrical and gas services of the property in compliance with local code.
  - Clear and clean condensate lines to ensure proper drainage.
  - Install a new digital thermostat and the programming of new digital thermostat to display and control the replacement systems at 60 to 65 degrees Fahrenheit in winter and 80 to 85 degrees Fahrenheit in summer.
  - Complete activation of system and confirm the entire system is functioning according to industry standards.
  - Perform, or arrange to be performed, a Home Energy Rating System Test when required by law.
  - The acquisitions of any licenses or permits required to perform the work.
  - The execution of all work according to ANSI ACCA Standard 5: HVAC Quality Installation Specification.
  - The proper disposal of all extracted parts, and any unwanted materials, packaging, and supplies per local, state or federal laws and regulations.
  - Nontransferable warranty on parts and labor as follows until transfer of title to the ultimate homeowner.
  - Warranty on labor to address workmanship and defects.
  - Manufacturer’s parts warranty.
  - The replacement, application, or installation of any refrigerant, filters, fittings, lubricants, cleaning agents, seals, screws, nuts, washers, wiring, etc.
  - Manufacturer’s standard limited warranty shall be available to home buyer.

Any services outside of the Scope of Work for which Contractor seeks to invoice Fannie Mae must be bid separately and approved by Fannie Mae prior to the commencement of such out-of-scope services.
Repairs Requiring Approval by an HOA

If we are considering repairs and ordering bids, contact the HOA and confirm whether there are requirements and specifications for repairs and obtain any documentation on the approval process. Supply the requirements and specifications to the contractor for consideration in preparing the bid(s).

If repairs require HOA approval by an Architectural Review Committee or equivalent, then the agent must submit for approval. Do not submit for HOA approval until the repair is approved by Fannie Mae and you have the Begin Repairs (Agent) task. You may request a task pause until the HOA approves. Communicate with the SAM contractor via Equator messaging so the contractor is aware of the need for approval and understands that repairs cannot commence until full approval is obtained. Retain any messages to Non-SAM contractors for documentation.

Repair Bid Review Issues

Submission mistakes lead to timeline delays, excess costs, and improper repair strategies that fail to comply with a property’s appropriate marketing strategy. Avoid submission mistakes by obtaining and checking over your tasking before submitting.

Common submission mistakes include:

- Making a decision without having enough information.
- The scope does not match the property’s Marketing Strategy Guidelines (MSG).
- You inadvertently submit incomplete Repair tasks. Incomplete tasks delay the review and approval process.
- Inspection reports, such as an engineering inspection report, are not submitted with the Repair tasks.
- Submissions of BOO photos that do not provide a complete and proper perspective (i.e., code violations, repairs, missing photos that show all necessary repair items, etc.
- Scope includes request for certifications, such as a roof certification. Do not request certifications from the contractor doing the repairs. Certifications associated with buyer’s inspections are a buyer cost.

Note: Follow the Scope Repairs ad hoc task guidelines within the Repairs job aid to avoid causing delays in the process.

Monitoring Repair Bids

Fannie Mae’s goal is to review and approve repairs within one to five days of receiving the complete Repair Bid. When monitoring repair bids, consider the following:

- Fannie Mae’s Repair Analyst reviews the bids. The Fannie Mae Asset Manager provides the final approval before issuing the Form 1093.
- Fannie Mae may contact the SAM contractor or other contractors with questions.
- The proposed repairs must align with the property’s marketing strategy. After reviewing the proposed repairs, Fannie Mae may deny the full scope or partial repairs, and list As-Is.
Once Fannie Mae reviews and approves the Repair bid(s), review the Begin Repairs (Agent) task for any changes that differ with the submitted bid. This task will contain not only the approved items, but the rejected ones as well in their own collapsible section. Begin the repairs and monitor repair progress. If there has been a change or you have a concern about completing the repairs, select Stop Process in this task to cancel the PO/1093s and reopen the repairs for the Asset Manager’s review. If there is a delay, you may message the Asset Manager and request a task pause. Use Table 16: Beginning and Monitoring the Repair Process as a guide.

Reminder: Prior to completing the Begin Repairs (Agent) task, review the 1093:

- Are all items in the Scope Repairs (Agent) task present or are there comments to explain deletions?
- Are any of the deletions critical to the overall completion of the repairs and must be done?
- Do the approved amounts match the bid presented or are there comments to explain adjustments?
- Is the Pay To Vendor identified correctly? (Should be populated with name of SAM contractor or Non-SAM will be your company name)

If you answer “No” to any of these questions or if any approved amount is equal to $.01, do not complete the task. Message the Asset Manager immediately. It is vital that these issues are reconciled before repairs start.

Note: Bids completed by contractors must include their names, phone numbers, fax numbers, and contractor numbers. For bids over $5,000 from non-SAM contractors, the contractors must sign the bid forms. The contractors must incorporate the taxes paid for materials into the bid price of each line item.

### Beginning and Monitoring the Repair Process

**Table 16: Beginning and Monitoring the Repair Process**, below, describes how to begin and monitor the repair process for SAM and non-SAM contractors.

**Note:** If there are problems with access, utility connection, or other issues preventing completion of the Begin Repairs (Agent) task, message the Asset Manager and request for a task pause. Include the reason why you are requesting pause and the estimated date for issue resolution. Do not complete the task if repairs cannot be started.

<table>
<thead>
<tr>
<th>Table 15: Beginning and Monitoring the Repair Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SAM Contractors</strong></td>
</tr>
<tr>
<td>SAM contractor and agent monitor Equator and complete Repair tasking.</td>
</tr>
<tr>
<td>The agent is the coordinator of the repair process; however, the SAM contractors can view all 1093 forms issued on the property including the 1093 forms payable to them.</td>
</tr>
</tbody>
</table>
### Section 6: Managing the Bid and Repair Process

#### SAM Contractors

<table>
<thead>
<tr>
<th>SAM Contractors</th>
<th>Non-SAM Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAM contractors can retrieve 1093 forms payable to them. SAM contractors must review the repair review notes in the system and contact the Repair Specialist to discuss any issues.</td>
<td>explanation of changes in the event the approved amount is different than the submitted amount. Contact your Asset Manager if you have questions prior to forwarding the Maintenance and Repair Work Authorization Form 1093 to contractors.</td>
</tr>
<tr>
<td>Once you complete <strong>Begin Repairs (Agent)</strong>, the SAM contractor gets approval to start the approved repairs via the <strong>Acknowledge Approved Repairs</strong> deliverable.</td>
<td></td>
</tr>
<tr>
<td>Contractor must begin work within three days of acknowledgement.</td>
<td>Contractor must start work within three days of your giving approval to begin work.</td>
</tr>
<tr>
<td>SAM contractor is tasked to provide an update every Monday that the repair order is open.</td>
<td>Agent is tasked to <strong>Provide Repair Update (Agent)</strong> every Monday while there is an open non-SAM order.</td>
</tr>
</tbody>
</table>
| Monitor SAM contractor’s work weekly based on these expectations:  
  - $\leq 2,500$ (10 Days)  
  - $2,501$ to $5,000$ (15 Days)  
  - $5,001$ to $10,000$ (20 Days)  
  - $10,001$ to $20,000$ (25 Days)  
  - $\geq 20,000$ (35 Days)  
  
  **Flooring: Timeline to Complete Repairs**  
  - $\leq 7,500$ (4 Days)  
  - $\geq 7,500$ (7 Days) | Monitor contractor’s work weekly based on these expectations:  
  - $\leq 2,500$ (10 Days)  
  - $2,501$ to $5,000$ (15 Days)  
  - $5,001$ to $10,000$ (20 Days)  
  - $10,001$ to $20,000$ (25 Days)  
  - $\geq 20,000$ (35 Days) |
Section 6: Managing the Bid and Repair Process

<table>
<thead>
<tr>
<th>SAM Contractors</th>
<th>Non-SAM Contractors</th>
</tr>
</thead>
</table>
| If a SAM contractor experiences delays, the contractor must notify the Repair Specialist but must not ad hoc the **Request Repair Delay (SAM)** without approval. | If a contractor experiences delays, the agent must intervene by taking the following steps:  
- Ad hoc the **Request Repair Delay** task  
If constant delays occur, discuss appropriate corrective action with your Asset Manager. |
| If constant delays occur from a SAM contractor, notify your Asset Manager. The delays may warrant Fannie Mae action. | If constant delays occur from a SAM contractor, notify your Asset Manager. The delays may warrant Fannie Mae action. |
| If additional repair items are needed for a SAM order, the SAM will notify the agent and then submit the Change Order directly to Fannie Mae. If approved, you will see the **Begin Repairs (Agent)** task. | If additional repair items are needed for a non-SAM order, the agent should ad hoc and complete the **Change Order Request (Agent)** task for Fannie Mae review. |
| SAM contractors will order approved appliances from Whirlpool themselves. You must select labor only in the **Scope Repairs (Agent)** task and details the required appliances in the task comments. | Agent orders the appliances. Refer to the Appliances section of this Guide. |
| Check on the progress of the work weekly and enter any comments in the **Weekly Property Inspection** task. | Check on the progress of the work weekly and complete tasking. |

**Note:** At any time during the repair process, you can utilize the Repair Scopes tab to see all repair tasks/deliverables (even those assigned to the SAM(s), Fannie Mae, etc.).

When the repair contractor completes the approved repair work, follow the procedures in **Table 17: Repair Completion Procedures**.

**Table 16: Repair Completion Procedures**

<table>
<thead>
<tr>
<th>SAM Contractors</th>
<th>Non-SAM Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five days prior to estimated completion date, the SAM receives the <strong>Repairs Complete (SAM)</strong> deliverable.</td>
<td>Agent controls the notification process.</td>
</tr>
<tr>
<td>SAM contractor adds appropriate comments and marks repairs as complete.</td>
<td>Agent and contractor communicate about when the repairs are finished.</td>
</tr>
<tr>
<td>If repairs are completed ahead of schedule, the SAM will ad hoc the <strong>Repairs Completed Early (SAM)</strong> and the agent receives notification via the <strong>Review Completed Repairs</strong> task.</td>
<td>If repairs are completed ahead of schedule, the agent will ad hoc and complete the <strong>Repairs Completed Early (Agent)</strong> task. This opens the <strong>Repairs Complete (Agent)</strong> task.</td>
</tr>
<tr>
<td>Agent is tasked with <strong>Review Completed Repairs</strong>. Agent and General Contracting</td>
<td>Five days prior to estimated completion date, the agent is tasked with <strong>Repairs Complete (Agent)</strong>.</td>
</tr>
</tbody>
</table>
### SAM Contractors

- SAM will meet at the property and review the repairs together.

### Non-SAM Contractors

- If work is not satisfactory, complete tasking as such and the system fires a new deliverable to the SAM.

<table>
<thead>
<tr>
<th>SAM Contractors</th>
<th>Non-SAM Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAM will meet at the property and review the repairs together.</td>
<td></td>
</tr>
<tr>
<td>If work is not satisfactory, complete tasking as such and the system fires a new deliverable to the SAM.</td>
<td>If work is not satisfactory, agent creates, and the contractor fulfills, a punch list that satisfies the repair completion responsibilities including the final cleaning.</td>
</tr>
<tr>
<td>Agent is tasked again when the SAM says the work is complete.</td>
<td>Agent re-inspects the punch list items immediately after completion.</td>
</tr>
<tr>
<td>Agent reviews the revised work and makes sure each item is completed. Reject if any item is not completed.</td>
<td>Agent marks repairs as complete in tasking.</td>
</tr>
<tr>
<td>Agent enters the completion date in the new task.</td>
<td>Agent enters the completion date in the task and the dollar amount actually completed. (Do not populate the Completion Date unless the invoice matches the Form 1093 exactly. Contact your Asset Manager if there are any discrepancies.)</td>
</tr>
<tr>
<td>SAM contractor receives an invoicing deliverable. You do not invoice for SAM work.</td>
<td>Agent pays the contractor. Agent then submits invoices for payment within the task completion.</td>
</tr>
</tbody>
</table>

### Completing Multiple Non-SAM Repair Tasks

Before completing Non-SAM Repair tasks, review all outstanding repair tasks. Be sure you complete the **Provide Repair Update** task PRIOR to the **Repairs Complete (Agent)** task. Failure to complete these tasks in the correct order can stall the forward movement of the property tasking. If you have a property with completed repairs, no listing supplement received, and no current tasking, message your Asset Manager.

### Appliances

Fannie Mae has an agreement with Whirlpool for supplying the appliances needed for REO properties. This agreement is executed through a precise set of processes and procedures. This section gives you the information necessary to order appliances for your properties.
Appliance Process for Use on SAM Properties

Appliance ordering is simplified in a SAM area. The Scope Repairs (Agent) task is completed by selecting Appliance Labor only and no materials. In the task comments, detail all appliances and their required features/color, etc. so the SAM contractor will know what to obtain. (Agents must request stainless steel appliances when ordering a full line of products. Black or white appliances will still be available but should be special order items used only in certain circumstances, such as the replacement of one appliance to match the remaining black or white appliances that are in good working condition.) When you review completed repairs via a physical inspection of the property, confirm that all required appliances are present and satisfactory.

Appliance Process for Use on Non-SAM Properties

In Equator, the Whirlpool process is used for properties located in a Non-SAM area. When you receive the Distribute Repair Bids task, this is your indicator to contact the local contractor to work through the appliances process. Once you have identified what appliances you need for a property, include this information in the Provide Repair Bid task with the corresponding costs for each appliance and any applicable accessory items, such as a range cord. It is your responsibility to make sure the selections are the correct color and style to enhance the marketing of the property. If in a non-SAM area, you will be responsible for completing the form.

Whirlpool has provided Fannie Mae with an interactive ordering form to help make ordering appliances in a Non-SAM area easier. These forms contain drop down menus for selections of appliances and other options. The form and instructions are available in the Lender Files in the Equator Library.

- Standard Appliances are Fannie Mae’s approved appliances for the majority of REO properties. The letters “STD” are listed next to the appliance SKU in the drop-down menu of the new appliance order form.
- Upgrade Appliances are Fannie Mae’s approved appliances for more expensive REO properties. Consult your Asset Manager before selecting upgraded appliances. The letters “UPG” are listed next to the appliance SKU in the drop-down menu of the new appliance order form.

Ordering Appliances for a Non-SAM Property

Obtain and use the correct Whirlpool Appliance Order Form. Select the appliances you need on the form. In SAM areas, the SAM contractor completes the Whirlpool form. Submit the order form to the SAM via messaging. You will receive a Work Authorization Form 1093 letting you know that your appliance request is approved.

When you receive the Form 1093 authorizing your appliances (at the same time the Begin Repairs (Agent) task fires), you can process your appliance order form any time. Fannie Mae recommends processing the order immediately to ensure timely delivery, and/or adequate time for handling issues that might arise related to the delivery and installation. Follow the guidelines in Table 18: Ordering Appliances to place appliance orders for SAM and Non-SAM contractors.

Table 17: Ordering Appliances
Section 6: Managing the Bid and Repair Process

<table>
<thead>
<tr>
<th>SAM Contractors</th>
<th>Non-SAM Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>The agent scopes labor only and no materials when completing the <strong>Scope Repairs (Agent)</strong> task. The agent details the type and features of the required appliances in the task comments.</td>
<td>The agent receives the approved Form 1093, payable to Whirlpool. The agent checks the accuracy of the approved Form 1093.</td>
</tr>
<tr>
<td>The SAM contractor works with the agent if there are any questions about the selected appliances.</td>
<td>The agent attaches the previously completed Appliance Order Form to tasking.</td>
</tr>
<tr>
<td>The SAM contractor obtains the appliances directly from Whirlpool or may already have them in inventory</td>
<td>The agent submits the Form 1093 and the Appliance Order Form directly to Whirlpool.</td>
</tr>
<tr>
<td>The agent has no role in the ordering process.</td>
<td>Order forms showing a &quot;requested delivery date&quot; receive priority-handling from Whirlpool.</td>
</tr>
<tr>
<td>The SAM contractor can obtain an order confirmation and estimated delivery dates directly from Whirlpool.</td>
<td>The agent can obtain an order confirmation and estimated delivery dates directly from Whirlpool by registering on the Whirlpool website.</td>
</tr>
</tbody>
</table>

For a Non-SAM appliance, the agent emails the Whirlpool order documents to KNX-ORD_FannieMae@Whirlpool.com. *(Note that there is an underscore in the email address between KNX-ORD and Fannie Mae.)* Any other questions regarding pending Whirlpool deliveries should be sent to this address.

The appliances are delivered within 10 business days. All of the appliances ordered are delivered at the same time. If all the appliances ordered are not available for delivery within 10 business days, Whirlpool replaces the out-of-stock appliance(s) with upgrade models. If Whirlpool cannot deliver all of the appliances at one time, even with the upgrade, Whirlpool notifies the person who placed the order, and provides an anticipated delivery date.

**Obtaining Special Order Appliances**

If you need special order appliances that are not included on the standard or upgrade appliances list, call to discuss them with the Fannie Mae Asset Manager before including them in the scope. If special order appliances are required in a SAM area, provide the details in the comments in the **Scope Repairs (Agent)** task.

**Receiving the Appliances in a Non-SAM Area**

When appliances are delivered in a Non-SAM area, a bill of lading accompanies them. Retain the bill of lading because you will need to upload it in the **Appliance Delivery Confirmation** task. If your Non-SAM contractor accepts the appliances, have the contractor notify you when the appliances are received and obtain a copy of the Bill of Lading from the contractor.

**Note:** Make sure you thoroughly inspect all appliances at the time of delivery and immediately complete the **Appliance Delivery Confirmation** task. This allows Fannie Mae to authorize Whirlpool’s payment within 5 days.
You have three options within the **Appliance Delivery Confirmation** task. Select **Yes** only if appliances were confirmed as delivered and to our satisfaction. When Yes is selected, the amount must be filled in with the approved 1093 amount. Never complete this task with Yes and $0 populated. Select **No** to simply close that task and reopen as a new task. You will use this option while waiting for the appliances to be delivered and the task will trigger every 15 days. Select **Cancel** to cancel the appliance 1093 and stop that part of the process. *You must use this option if the final invoice amount varies at all from the original approved appliance amount.* Then proceed to rescope the appliances and remove the additional appliance labor item that pre-populates.

If any appliance is damaged, do not accept the damaged appliance. Require the delivery company to return it for a replacement appliance. Have the delivery company specifically note the damages to the appliance on the bill of lading before you accept the document. Refer to the **Returning Appliances** section for more details.

### Installing Appliances

Your SAM or non-SAM contractor installs the appliances according to the proper specifications and tests them for proper functioning. If any or all of the appliances will not be installed:

- Contact the Fannie Mae Asset Manager to arrange for appliance returns when the appliances were received by a Non-SAM contractor, or a listing agent representative.
- A SAM contractor is responsible for returns/exchanges.

### Returning Appliances in a Non-SAM Area

If any appliance is damaged, do not accept the damaged appliance. Require the delivery company to return it for a replacement appliance. Have the delivery company specifically note the damages to the appliance on the bill of lading before you accept the document.

If any of the appliances received are not installed in the property for any reason, follow the procedures outlined in the **Installing Appliances** section above.

If you are returning an appliance:

- Obtain a Return Authorization Number by completing a [Return Authorization Form](#).
- Message the completed form to the Repair Specialist for processing. The Repair Specialist will acknowledge receipt.
- A Whirlpool representative then processes a credit for the original order.
- Damaged or returned disposers and range hoods will not be picked up. You discard these items after the Return Authorization is processed.
- Serial numbers on the appliances must match those listed on all returns in order for the returns to process as a credit.

In all instances of returns, follow up with the Fannie Mae Asset Manager to make sure that Fannie Mae receives the proper credit back from Whirlpool and document the system.

See **Section 12: Resources** – [Listing Agent Resources Directory](#) for the Appliance Return Process job aid.
Note: Fannie Mae has experienced a significant increase in both returns and redeliveries of Whirlpool appliances. The returns and redeliveries were a result of ordering mistakes, cancelled orders and refused deliveries, and each is at a cost to Fannie Mae. The cost to Fannie Mae is $75 per redelivery and/or $75 per returned major appliance. Disposers, accessories (such as trim kits), and range hoods are considered non-major and are not assessed the restocking fee.

Fannie Mae charges the assigned agent for both redelivery and returns as a result of an ordering error, so it is vital to check the accuracy of the order form. The expectation will be that the party responsible for either the redelivery or return will reimburse Fannie Mae for the expense. Fannie Mae will notify the listing agent of the redelivery or return charge, along with instructions for submitting payment. Payment for billable returns and redeliveries will be made to Fannie Mae.

Inspecting Repairs

It is your responsibility to inspect the property within 2 days of the repair’s completion task firing. Do not pay contractors or submit requests for reimbursement to Fannie Mae until you have verified that all approved repairs are completed in a satisfactory manner.

When the contractor notifies you that repairs are complete, set up a time to physically go to the property with the General Contracting SAM and inspect the work performed. Take photographs of the repairs. These will also be required on an updated BPO. Ensure that all approved repairs are complete, and to your satisfaction. Compare the work completed to the Form 1093, and the contractor’s invoice, to make sure that all of the required repairs are finished.

For example:

If new carpet or vinyl flooring was installed, verify items such as ensuring it lays flat, covers to all the edges of the room, and has seams that are almost unnoticeable.

If rooms were painted, verify items such as ensuring any holes and cracks were filled, dark colors were appropriately covered, walls and ceilings are painted with flat paint, and trim is painted with a white semi-gloss paint.

If, upon inspection, you determine that any of the repairs on the 1093 are not completed in a satisfactory manner:

- Provide the contractor with a detailed punch list. These items should be related to the approved scope of work.
- For SAM contractors, reject their work in the system to trigger another deliverable to them. Include the punch list in your comments. Those items will appear to the SAM in the new deliverable.

After you inspect the property repairs and confirm that they are complete, accurate, and performed up to Fannie Mae standards, complete the corresponding task for that repair item within 1 day of inspection. Doing so immediately after your inspection ensures prompt reimbursement.
Cancelling Repairs

The Repair Specialist can now edit repair line items to a lower dollar amount or remove the line item if cancelled: You should no longer complete the Review Completed Repairs with Accept if the SAM contractor did not complete all the work. If you receive the Review Completed Repairs task with items that were NOT completed by the SAM, reject and enter a comment telling the SAM contractor to message their Repair Specialist to correct or remove the line items.

Also, within the Review Completed Repairs task, you will see the original approved line item amounts and the new dollar amounts entered by the SAM contractor with comments in order to compare for accuracy. Again, if you do not agree with, or see issues with what the SAM contractor submitted, reject the task back for review and enter comments. For Non-SAM repairs that require adjustment, message the Repair Specialist role in Equator with the details of the adjustment needed.

Submitting Repair Reimbursement Requests

Payment authorization occurs when completion is indicated via tasking.
Submit your request for reimbursement immediately upon your final repair and clean-up inspection.
In order to receive reimbursement for the completed repairs:

- Pay the Non-SAM contractor following satisfactory inspection of repairs. Each approved repair item must be checked.
- Enter the repair completion data in tasking after confirming all line items were completed and the cost is as agreed. If any line items were not completed and the repairs were performed by a SAM contractor, reject the task. Completion of the task will trigger full payment if not rejected.
- If the Form 1093-line items are reduced for any reason, identify those line items clearly, and adjust in tasking. Do not submit the contractor invoice for reimbursement if the invoice amount is higher than the approved Form 1093 amount. Contact the Fannie Mae Asset Manager for approval before submitting the invoice for reimbursement. Check the Form 1093 carefully to make sure that the correct information is listed in the Pay To Contractor field. The name in that field receives the reimbursement. The Pay To section will reflect the brokerage unless a contractor is designated. Make sure either Broker or Contractor is selected.
- The invoice must show the complete property address and the REO/loan number.
- The invoice must also include the providing contractor’s name, address, amount owed, and date of service and must be in English.
- If items are taxable, each line item must include the applicable sales tax in the line item charge. Tax cannot only total at the end of the invoice. Make sure your contractor appropriately prepares the “cost + tax” price for each line item at the beginning of the process so you will not encounter problems when you request reimbursement.
When SAM contractors are involved in the repairs, the SAM contractors submit their invoices and will be paid after you update the system to indicate completion.

In the event that work authorized on the 1093 is not performed, contact the Fannie Mae Asset Manager. The Fannie Mae Asset Manager can stop the repairs process and cancel or adjust the Form 1093. Note your reasons in the system.

**Stopping the Repair Process**

If you receive notification from Fannie Mae that the repairs process is being stopped after 1093s were approved, follow the process below.

**SAM Items:**

- The SAM contractor will complete the tasking to show that the repairs are complete.
- You will receive the **Review Completed Repairs** task. Even though the SAM may not have completed the work fully (or even begun the work), you must Accept the task to push the process forward. Note in the comments field what work was or was not completed.
  - Note that you may have to Accept a SAM’s work on items that were not completed in other scenarios. For example, if exterior paint is approved and then not even begun due to the weather, you will have to Accept the work to move the process forward for the SAM to invoice what work was actually completed. We are not asking you to accept inferior workmanship, but there may be times when you will need to accept to push through the work that was completed successfully. If you have more questions on a specific property, contact your Asset Manager.
- The SAM contractor invoices for the actual work they did and enters the dollar amount only for work completed.

**Non-SAM Items:**

- Determine if the **Repairs Complete (Agent)** task is already open. If it is not, you will need to ad hoc the **Repairs Completed Early (Agent)** task.
- Within the **Repairs Complete (Agent)** task, specify the true dollar amount that was completed. For example, if no work had been completed, enter a value of zero dollars. Upload the corrected invoice and submit.
Section 7: Listing, Marketing, and Managing the Property
Overview

Fannie Mae requires that properties stay in market-ready condition at all times to appeal to potential buyers. The list price of the property, the marketing preparations and execution are crucial to maximize sales returns and minimize losses.

The details provided in this section guide you in successfully marketing your REO property. If you have questions about the marketing of your assignments, contact the Fannie Mae Asset Manager for help. This section also outlines respective system requirements for reporting and managing the listing and marketing processes.

HomePath Strategy

Fannie Mae developed HomePath as the umbrella brand for facilitating the marketing and sales of REO properties. Intended to link together the many initiatives and incentives that surround the Fannie Mae REO sales process, the brand is reflected in the name of the website, the two financing products, and a variety of incentives that are periodically available on Fannie Mae’s properties. You can learn more about HomePath by visiting www.homepath.com.

Note: Lenders in your area may reach out to you and look to establish a relationship Do not allow the lenders to display their marketing materials as that may imply an exclusive arrangement. Do not require a buyer to obtain a prequalification letter from a specific lender.

Some of the HomePath branded initiatives are depicted in Table 19: HomePath Branding Strategies, below.

Table 18: HomePath Branding Strategies

<table>
<thead>
<tr>
<th>Brand/Product</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HomePath</strong></td>
<td>Global brand name for all things related to Fannie Mae REO.</td>
</tr>
<tr>
<td><strong>HomePath.com</strong></td>
<td>Website includes a property search engine, lenders and incentive information.</td>
</tr>
</tbody>
</table>
Section 7: Listing, Marketing, and Managing the Property

Listing Supplement

The Fannie Mae Asset Manager establishes a list price and marketing strategy by analyzing your BPO and the appraisal, and then generating a property specific Listing Supplement to the Master Listing Agreement (see the Introduction section of this Guide). The Listing Supplement contains the property’s list price, listing terms, and commission, and is sent to you through tasking. Check the Listing Supplement carefully to make sure you understand the pricing and strategy Fannie Mae has approved. Confirm the financing eligibility so you are clear on how to correctly market the property. If you have a question or need clarification, contact the Fannie Mae Asset Manager. If the Listing Supplement is accurate, print, sign, and upload a copy to tasking.

Note: If you suspect a correction is required on the Listing Supplement for any issues related to property address, property type, financing eligibility, or other property details, it is critical that you notify the Fannie Mae Asset Manager immediately. Contact the Fannie Mae Asset Manager if you receive a Listing Supplement on a property that is not ready to market and has not had the initial services performed.

Implementing a Marketing Plan

Fannie Mae has a stated preference for having owner occupants purchase its properties. It is important that properties that are likely candidates for owner-occupant purchase are marketed in a way that is similar to other properties for sale in a particular market. Fannie Mae properties should not be perceived as of lesser appeal simply because they are for sale as an REO. Marketing the property to its best advantage helps buyers envision themselves as the new owners. It encourages higher offers and gives the property competitive leverage. Fannie Mae expects a multi-faceted approach to marketing a property. Your property must appear market-ready at all times by having the best possible curb appeal and presenting the interior in a condition that is appealing to prospective purchasers. Properties should be as welcoming as possible: a comfortable temperature (see below for guidelines), utilities turned on, appropriately lit (i.e., working light bulbs and electricity), clean and with a maintained exterior. Consider the impact these things make when a potential buyer is seeing the property for the first time.

Entice potential buyers with appealing listing descriptions and enough quality photographs to promote the property’s strengths. Use all available advertising methods and marketing materials to promote the property and provide a competitive advantage.

Critical Function #4: Prepare the Property

Agents must prepare to market the property to its best advantage to help buyers envision themselves as the new owners, encourage higher offers, and give the property competitive leverage. To prepare for marketing the property, agents must effectively stage properties to ensure they appear market-ready at all times with the best possible interior condition and curb appeal.
Section 7: Listing, Marketing, and Managing the Property

Staging the Property

Staging sets the scene to create immediate buyer interest. View the property through the buyer’s eyes. Use your observations to focus on and correct those issues that create negative impressions.

If the property is in the Pre-6MMTP, the items in this section may not be performed exactly as stated. Coordinate any required services with the assigned HECM Field Services Company unless otherwise directed.

Fannie Mae requires that you:

- Place HomePath marketing materials in each eligible property. Inspect the property at least once per week. Take a date-stamped photo and document in the system the date inspected and relevant details about the inspection.
- Immediately secure in-ground or above ground swimming pools to comply with local ordinances and code requirements. Fannie Mae prefers to keep the pool in functioning condition, maintained regularly by a pool services company, rather than covering it. Contact the Fannie Mae Asset Manager for approval before taking action to cover a pool. Do not cover a pool and create conditions conducive to the growth of algae. The growth of algae will deteriorate the pool surface and decrease the value.
- Maintain inside air at temperatures between 60 to 65 degrees Fahrenheit in winter and 80 to 85 degrees Fahrenheit in summer. Check furnaces and air conditioners regularly, especially during extreme weather conditions. When making your weekly inspections, check the thermostat and confirm the setting. During showings, the thermostat may have been changed, resulting in an increase in utility use or inadequate temperature for comfort during showings.
- Replace broken window glass and obtain approval for the cost. If excessive and likely to be vandalized again, discuss alternatives with the Asset Manager.
- Maintain all plumbing fixtures in working order, whenever practical. Run faucets weekly if the weather is cold and they are not winterized.
- Maintain the exterior (curb appeal) and interior for maximum appeal. Would the curb appeal of the property benefit from a new mailbox (make sure former occupant name removed from existing mailbox), new street numbers, replacement foliage, front door painting, or other exterior work? Obtain bids and submit for approval.

Note: Notify the Asset Manager immediately of any vandalism or suspected illegal activity and notify local law enforcement officials. In addition to notifying the Asset Manager about vandalism or suspected illegal activity, visit Report Theft, Vandalism, Rental Scams, or Sudden Disaster to report the issue. Upload a copy of the police report to the Equator Property files. In the event of a hearing, you may attend as a witness. Fannie Mae will assign attorney representation, if deemed appropriate for the benefit of Fannie Mae.
• Make sure the services listed below are performed regularly. In most instances, these services are provided by Field Services contractors, but it is still your responsibility to verify work was completed.
  
  o Oversee lawn maintenance through watering, weeding, shrub trimming, and snow removal. In areas prone to foundation problems, provide adequate soil hydration to maintain the property’s structural integrity. Use soaker hoses and sprinkler systems to assist in hydration and obtain approval from the Fannie Mae Asset Manager.

  o Clean and polish hard surface floors. Vacuum the carpets. Remove carpet deemed a safety hazard or having overwhelming pet odors or mildew at trash out. Keep tack strips, except in doorways, if you are replacing the carpet. Contact the Fannie Mae Asset Manager for approval to clean, shampoo, stretch or repair carpet.

  o Keep kitchen, appliances, bathrooms, windows, and mirrors sparkling clean. Run appliances weekly to prevent stagnation when the property is not winterized.

  o If you receive approval to stage a property with items from an outside company, it is your responsibility to immediately message the Field Services Company role in Equator and describe the materials that will be placed in the property. This will avoid removal in error.

• Remove drapes, curtains, and curtain rods from windows. Fold them neatly and store in a closet if they might be an asset for the new owner. You may leave decorator drapery rods and window coverings if they enhance the appeal of the property.

• For lighting and garage door openers, put appropriate light bulbs in all sockets in the exterior and interior of the property. Disconnect electric garage door openers.

• Broom-sweep the garage and outbuildings.

• Remove ash and debris from the firebox area of each fireplace.

• Keep the balconies and railings clean. Make sure railings are secure.

**Marketing Description Task**

Always include a robust and informative marketing description for the property for use in MLS or advertising. Write descriptively to help generate interest and appeal to potential buyers.

All descriptions should contain promotional information about the home. If a sales incentive is being offered, include this information in the marketing comments on MLS listings and remove upon expiration. Make every effort to include the incentive in the public comments of the MLS listing to the extent that your MLS allows you to do so. For example, if your MLS prohibits entering a website address in the public comments, mention the incentive in the marketing comments excluding specifically “www.homepath.com”.

Highlight the positive features and amenities of the property. Mention scenic views, pools, landscaping, Homeowner’s associations, remodeling, and new flooring or paint, if applicable. Write the description using correct spelling and grammar. Indicate improvements completed prior to listing, i.e. “new appliances” or “fresh paint.” Indicate in the description if the property is rented and occupied so the potential buyer is aware.
Section 7: Listing, Marketing, and Managing the Property

Do not make disparaging comments about the property such as “not so cute, but cheap”, “not for the faint of heart”, and “enter at your own risk!” Refrain from using abbreviations or acronyms that may not make sense to consumers. Do not indicate limitations on financing such as “no FHA” or “cash only”.

For all properties assigned to you, **whether it is the initial assignment or the transfer of an assignment**, ensure that HomePath.com reflects accurate information, including your contact information, an appropriate marketing description, 10 or more marketing photos, correct property address, and list price.

For properties in the Pre-6MMTP, in the private agent remarks in MLS enter, “The Seller must comply with HUD Guidelines 24 CFR 206.125 and the property is sold “as is”.

Remove the remarks when the property passes into the Post-6MMTP.

**Listing the Property**

**Critical Function #5: List and Market**

*Fannie Mae expects its properties to be listed in a professional and informative manner. Agents must place HomePath signage on the property (if allowed), place HomePath marketing materials in the property, list the property in your local MLS, and provide photos and marketing descriptions for HomePath.com. Advertise your properties thoroughly and thoughtfully to obtain fair market value and timely dispositions.*

When it is time to list the property for sale, review the Listing Supplement to ensure you enter correct information about the property. If you feel changes are required in the Listing Supplement, notify the Fannie Mae Asset Manager immediately. Any changes require approval before implementation. You are required to sign the bottom and upload the Listing Supplement.

**Note:** If you receive the Listing Supplement and the property has not received initial Field Services, message the Asset Manager immediately and do not implement the listing.

Follow these general guidelines when listing the property:

- Review the **Lock box and Re-Key** guidelines in Section 2: Assessing and Maintaining Property Condition with Field Services and Other Vendors.

- Fannie Mae expects every property to have a professional “For Sale” sign present. Place and maintain your company “For Sale” signage in compliance with any MLS rules and HOA or local regulations. The listing agent name and company information must match the assigned listing agent in Equator. Place signage in a location that draws interest, preferably in the yard. If the signage is not to be placed in the yard because of potential vandalism, obtain approval from the Asset Manager. Additional signage on special interest properties should be considered, such as signage in the back yard facing a golf course.

- The HomePath sign rider should be attached to your “For Sale” sign and be maintained so that it brings attention to the property. The HomePath sign rider should be affixed in a professional manner using appropriate materials to withstand wind and other weather conditions. (Fasteners are available on the HomePath Pro Storefront.) Lender-specific signage is not permitted.
Note: The solid green sign riders or those referencing HomePath financing have been discontinued. They should be removed from all properties and discarded. Replace them with one of the two current versions available on the HomePath Pro Storefront.

- Place HomePath marketing materials in the property. Every property should have the appropriate HomePath branded flyer available. Lender-specific flyers are not permitted. Do not post “No Trespassing” or other types of warning signs.

- List the property on your company website, if available.

- If an acquisition by foreclosure or Mortgage Release (Deed in Lieu) is not specifically exempted by law from completion of a Property Condition Disclosure, message the form to the Asset Manager for execution or include with the contract package. If state law allows the parties to waive completion of the form, do not send for completion.

- Within one day of receipt of the Listing Supplement, list the property in your local MLS. Complete the MLS Number/MLS Sheet upload an MLS sheet for each MLS submission. You are expected to list in the predominate MLS used in the area. If you are not a member, the assignment should be declined. Do not ad hoc the MLS Number/MLS Sheet task if you have not received the Acknowledge Listing Supplement task and the property is not in Available status.

- Check the property on www.homepath.com and confirm the address, remarks, and photos. Notify the Fannie Mae Asset Manager if corrections are needed.

- Inspect weekly and report any changes in occupancy or condition via the Weekly Property Inspection task. You must upload date stamped photos that present the overall condition of the property. The photos should include exterior and interior photos and capture appliances and other visible system components such as A/C units, heating systems, pool equipment, etc. Also include a photo confirming the presence of the marketing flyers and any marketing materials.

  Reminder: Any comments you enter are not transferred to the Asset Manager so if action or direction is expected, message the Asset Manager.

- Take quality photo(s) and upload into the task. Take additional photos of any changes in condition or repairs completed since the last inspection. Marketing photos must not include a date stamp, while Weekly Property Inspection photos must be date stamped. When completing the Weekly Property Inspection task, you must upload date stamped photos that present the overall condition of the property. The photos should include exterior and interior photos and capture appliances and other visible system components such as A/C units, heating systems, pool equipment, etc. The photos must also include validation that the marketing flyers and materials are present.

  Reminder: Any comments you enter are not transferred to the Asset Manager so if action or direction is expected, message the Asset Manager.

- Detail your advertising efforts in the task.

You will be tasked every 27 days to complete the Monthly Marketing Report task while in Available status. This update information must include the number of showings, feedback, recommendations, and status of repairs in progress. Failure to complete these updates may result in the transfer of the listing. You may also ad hoc this task if the condition changes, new comparables support a change in value, or if the current pricing is not receiving adequate interest.
During the Pre-6MMTP, the ability to reduce the price is restricted but your completion of this report is necessary.

The Asset Manager will be tasked to extend your listing if a property is in Pending status and is due to expire prior to closing.

A price adjustment may not always be warranted if repairs are really necessary to attract the target buyer. Consider suggesting a strategy change when appropriate.

Receiving a Transferred Assignment

When you receive an assignment that was previously assigned to a different agent or a Property Manager, there are several urgent actions required:

- Review any property registration or posting requirements and confirm compliance
  - Do not post KYO or offer Cash for Keys on properties transferred from a Property Manager that we will be marketing as tenant occupied.
- Contact all applicable third-party vendors (utility companies, utility management program company, Field Services companies, settlement/title vendor, repair contractors, eviction attorney, etc.) and notify them you are now the contact.
  - Message through Equator to confirm notification to all parties.
  - If any repairs are in process that require you to pay the contractor, contact the Asset Manager immediately. If you complete tasking for a 1093 originally created for the previous agent as the “Pay To” Vendor, that agent will be paid. There is no issue if payment is to a SAM contractor.
- Inspect and remove remaining signs, marketing materials, and any reference to the previous listing agent or company. A brokerage sign should be made available to the previous agent to pick up from your office and not left on the property. Signs installed by way of a post in the ground should be covered until removed.
  - Message the Asset Manager in Equator to confirm your actions
- If on the market,
  - Complete the Marketing Description task
  - Ad hoc the MLS Number/MLS Sheet task and complete
  - Completer the Supply Marketing Photo task

Special Instructions for Listing and Marketing Tenant-Occupied Properties

When listing and marketing tenant-occupied properties, the following instructions will assist with the successful marketing and sale of tenant-occupied properties.
HECM properties identified with tenants are generally excluded and will not be marketed while occupied. Tenants with a bona fide lease will remain in the property until the expiration of the lease and then the eviction process will commence.

Marketing

- When notified that you are assigned a tenant occupied property for marketing, do not re-post the “Knowing Your Options” flyer. This is posted initially, and the additional posting will be confusing to the tenants.

- The Property Management Company (PM) will message the agent with tenant contact information and notification of any issues. The PM contact information is found in Equator or you can obtain it from the Fannie Mae Asset Manager. The Agent should contact the PM concerning any questions or issues with the occupants. Once the PM has been contacted, any issues remaining can be escalated to the assigned Rental Specialist.

- Lock boxes are not permitted. Tenant-occupied properties are re-keyed by the PM and are not on a master key.

- Obtain a copy of the lease from the PM and review the terms of the lease to determine if the lease is month-to-month or a term lease. Some information contained in the lease is subject to privacy laws; the lease agreement should not be shared with other parties, except in connection with the offer process and closing of the transaction. (Complete lease with no redactions should not be provided to Buyer until after close of escrow in order to protect tenant privacy.)

- The MLS remarks should indicate that the property is tenant-occupied and requires an appointment for access. You must not enter tenant contact information in the MLS. All appointments must be arranged and confirmed with a tenant by the listing brokerage. First Look does not apply to tenant occupied properties.

- The Agent should provide either 24 or 48 hours’ notice (based on local laws) to the tenants for showing appointments within a 4 hour window. Refrain from requesting the tenants take time off from work. All appointments must be made with occupants 18 years of age or older, and this includes access for showings. Do not accept keys for access. The tenant must be present for access to take place. The Agent should contact the PM to assist with coordinating access as needed. The tenant must allow signage, unless prohibited by the HOA, and must allow marketing photos. Do not include photos of people or personally identifiable items, such as a family portrait on the wall.

- You are required to drive by weekly and document the system with evidence of the inspection even though you are not tasked for this inspection.

- Prospective purchasers should be instructed not to solicit any information from the tenants or otherwise interact with the tenants.

- Message the PM in Equator if the tenant denies access or is not maintaining the property resulting in deterring marketability or has an impact on safety and/or habitability. The PM will respond and within 5 days. Contact the PM as well as the Fannie Mae Asset Manager if the issue persists. The PM may give you instructions on a posting process for access. Take a photo of the posting and reply through messaging with the photo(s) to prove posting.

- Only the PM is authorized to make an offer of relocation assistance to a tenant with a lease in place.
Any repairs required to address safety and habitability issues will be completed by the assigned PM and will be expensed. PMs will no longer complete repairs through the 1093 repair process. The agent will provide bids for any non-habitability repairs to the Fannie Mae Sales team for evaluation. If contacted for emergency repairs, assist as necessary to preserve the habitability of the property to ensure the safety of the tenants. Immediately notify the PM and Fannie Mae.

**Sale and Closing**

At Fannie Mae’s sole discretion, negotiations may include delivering the property as vacant at closing. Provided:

- The tenants are on a Fannie Mae month-to-month lease
- The purchaser intends to occupy the property as their primary residence upon closing
- The action is not otherwise prohibited by applicable law
- Notice to terminate the lease and vacate the unit can be given so that the unit is able to be delivered as vacant at closing

In this case, the sales contract must allow for a minimum of 60 days from notification of vacancy to closing. Where state or local law requires a longer time period for notification of lease termination, this period must prevail. The Fannie Mae Asset Manager will provide a copy of the executed contract package and the Owner Occupant Certification form to the REO Rental representative in order to initiate the notice to vacate. The PM will issue the notice upon direction from the REO Rental representative.

**Note:** Notice to vacate will not be issued when marketing term leases with a term of 2 months or more. This may limit the availability of owner-occupied financing on properties with marketed term leases or where Fannie Mae is not agreeing to deliver the property vacant at closing. In these cases, MLS comments should include a statement that the property is tenant occupied and will not be delivered vacant, noting the lease expiration date.
Section 7: Listing, Marketing, and Managing the Property

The “Supplement to the Residential Real Estate Purchase And Sale Contract - Tenant Occupied Property Sold to Owner Occupant” must be included with the initial offer if the purchaser requires the property to be delivered vacant at time of closing. Note the following in Section 38 of the Residential Real Estate Purchase And Sale Contract: “See Supplement to the Residential Real Estate Purchase And Sale Contract – Tenant Occupied Property Sold to Owner Occupant”.

As provided in this Supplement, if the purchaser does not choose to move forward and accept the tenant, the sale must be terminated, and the listing cancelled in order to commence eviction. The Purchaser is at risk for any costs incurred in the pursuit of the sale, such as the appraisal and any inspections, which will not be reimbursed if the sale falls through. You will need to withdraw the offer in Equator to start the termination process. The termination form should be completed, returning the earnest money to the purchaser. When vacant, the property returns to the market, and if the buyer is still interested, a new offer would need to be submitted. The property will not be reserved for the buyer.

Provide a copy of the lease to the prospective buyer if the property will close as tenant occupied. You must remove any personal information from the lease, such as occupants’ names and phone numbers, prior to delivery to the prospective buyer. The buyer is not permitted to issue any notice to the tenant until after closing.

Communicate with the PM by messaging in Equator when the property is placed under contract and provide ongoing status reports if there are any changes in the closing date or if the sale terminates. The PM will confirm the amount of rent collected and dates covered by the rent so that the settlement agent can prepare prorations. The PM will need the buyer contact information to forward to the tenant. The Residential Real Estate Purchase And Sale Contract, Section 10, states that leases are deemed assigned upon closing so an additional assignment document is not necessary. Provide a copy of the fully-executed lease to the buyer at closing.

Using the Multiple Listing Service

Your MLS is one of the prime marketing mechanisms for advertising Fannie Mae properties. Enter your property listing in the local MLS, which must be the predominant MLS for the area. If MLS is unavailable in your area, note that in the tasking. The MLS listing information should reflect the same listing agent information as the assigned agent in Equator. It is not acceptable to answer that MLS is not available if it is available and you are not a member-the assignment should have been declined unless you are specifically requested to accept an assignment due to the lack of Fannie Mae agents in the area of the property. When entering your listing in the MLS, state the Seller’s Name as Fannie Mae if the property is Fannie Mae-Owned. You may also state that the property is Fannie Mae-Owned in the Remarks or Comments sections of the MLS listing, unless prohibited by MLS rules. If your MLS provides a searchable feature identifying REO properties, you should use this feature in your MLS submission.

Only include property information and an appealing property description in the MLS listing and Remarks section. Do not make any representations on behalf of Fannie Mae without prior written approval from the Fannie Mae Asset Manager. Do not indicate the inclusion of Personal Property, unless the items were specifically installed by Fannie Mae, such as new Whirlpool appliances. Upload at least 10 photos that show positive attributes. These marketing photos must not be date stamped. If the season changes, upload replacement photos so we don’t have a property in spring that is snow covered. The Marketing Photos should not show boarded properties unless Clear Boarding was done. If there is no way to Clear Board the property, such as following a fire, then contact your Asset Manager.
Section 7: Listing, Marketing, and Managing the Property

Complete the **MLS Number/MLS Sheet** and upload the MLS sheet for all MLS’s where the property appears. You must upload the agent view and not the consumer view. Upload a copy of the **Offer Preparation Tips for Selling Agents** if allowed and/or provide to agents that inquire.

If permitted by your MLS, we expect you to insert the following language in your listing:

- **This is a Fannie Mae HomePath property.**
- For properties in the Pre-6MMTP, in the private agent remarks in MLS enter “The Seller must comply with HUD Guidelines 24 CFR 206.125 and the property is sold “as is”.
- Remove the remarks when the property passes into the Post-6MMTP.

**HomePath.com**

HomePath.com is the public face of and primary source of information about Fannie Mae REO. The site is visited millions of times per month by buyers, real estate professionals, lenders, public housing organizations, and a multitude of other interested parties. It is critical that the properties listed there are presented both accurately and comprehensively. By providing photos, descriptions and MLS information to the Fannie Mae Asset Manager, you can ensure that the properties you listed have their “best foot forward.”

All listed Fannie Mae REO properties are automatically listed on HomePath.com, including HECM properties. Properties are listed in a Coming Soon status when both the appraisal and BPO have been reviewed, but a list price is not yet set. Make sure to upload photographs and the property description, provided you have marketing photos taken after the initial services are performed. Doing so takes advantage of this premarketing opportunity.

**Photographs** – Always include a minimum of ten appropriately-sized photos, with the primary marketing photo being a shot of the property’s front view. Clear images showing no trash/debris and unobstructed views are expected. **The property photos should not show wood boarding and must not be date stamped.**

Listing Agents have the ability to upload photos for their properties using the Upload feature on HomePath.com. This feature allows you to upload photos for your properties listed on HomePath.com® and should be used to resolve any photo issues (e.g. blurry photos, photos not feeding correctly from the MLS, or seasonal photo changes).

Listing Agents will still be required to upload photos through the **Supply Marketing Photos** task in Equator as well as upload photos on the MLS. This feature does not replace/change any of the marketing requirements outlined in this guide. Any photos uploaded using this feature on HomePath.com will replace photos already being sourced from the agent’s MLS or Equator and will display on HomePath.com. They will update on the website in real-time and will be used as the source of reference for all HomePath marketing and quality control efforts.

Complete the following steps to upload photos for your HomePath.com properties using the Upload feature on HomePath.com.

1. Login to your HomePath.com agent account and access your Active Listings page.
2. Identify the property you want to upload photos for and click the Upload button.
3. On the next screen, click the Browse button and then locate and select up to 35 photos to upload.
Section 7: Listing, Marketing, and Managing the Property

- Hold CTRL key + click to multi-select photo files from your documents list.
- Once selected, click the Upload button to begin the process of uploading photos.

4. Once the upload is complete, view the Listing Photos and make any selection from the available photos to set as the Primary Photo.

5. Once you have completed the upload process, scroll to the top of the page and click the ‘Back to Manage Listings’ button to return to the Active Listings screen.

6. From the Active Listings screen, you can click ‘View’ under the property to confirm that the photos have uploaded correctly on the Property Details page of HomePath.com.

Property Descriptions – Every description must contain promotional information written in appealing verbiage. Include as many property advantages and positive attributes as possible.

Property details reflected on HomePath.com originate from two places:
- Information you upload via Equator.
- MLS data that transfers from Fannie Mae’s ListHub partner’s database (It may take up to 24 hours for your updates to show on the HomePath website.)

Getting Property Details on HomePath.com

Fannie Mae utilizes MLS data as much as possible to reduce the duplication of efforts on your part. This is only possible in certain circumstances. For Fannie Mae to retrieve MLS data and automatically feed it to HomePath.com, all of the following criteria must be true:

- The managing broker of your firm must be successfully registered with ListHub. Registration instructions can be found under Registering with ListHub, later in this section.
- ListHub must be partnered with your MLS.
- You must enter the corresponding MLS # when you complete the MLS task. Double check your MLS to ensure the property is flagged as “Active” and the internet selection is set on “Yes.” These should be the default conditions.

If you meet all of these criteria, the MLS data for the property should pre-populate HomePath.com. If not, the photos and property description will come from Equator tasking you complete.
Listing Expectations

Fannie Mae expects its properties to be listed in a professional and informative manner. Following this checklist will help you prepare effective listings that meet Fannie Mae’s expectations.

**Table 19: Expectations When Listing a Property**

<table>
<thead>
<tr>
<th>✔</th>
<th>Listing Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>Add new listings to MLS within one day of receipt.</td>
</tr>
<tr>
<td>☐</td>
<td>Keep all listings up to date with complete and informative descriptions.</td>
</tr>
<tr>
<td>☐</td>
<td>Make sure the listing contains the correct address, property type, and descriptive information. Make certain that you do not restrict the address from showing in MLS data that is posted to the INTERNET. This can inhibit the marketing of the property and is viewed as a performance issue.</td>
</tr>
<tr>
<td>☐</td>
<td>Make sure the listing contains the correct agent contact information, including email address and phone number.</td>
</tr>
<tr>
<td>☐</td>
<td>Include a <strong>minimum</strong> of ten clear and attractive photos that reflect the condition of the property at the time of the listing and are not date stamped.</td>
</tr>
<tr>
<td>☐</td>
<td>Mention any selling incentives, if applicable.</td>
</tr>
<tr>
<td>☐</td>
<td>Provide instructions that enable selling agents to show the property and make the property accessible for showing. Never publish lock box combinations.</td>
</tr>
<tr>
<td>☐</td>
<td>Double check the spelling and grammar in your listing for accuracy. Create a professional presentation.</td>
</tr>
<tr>
<td>☐</td>
<td>Focus on positive features about the property including updates, locations, and neighborhood amenities.</td>
</tr>
<tr>
<td>☐</td>
<td>Be sure to include comments about repairs and improvements performed on the property.</td>
</tr>
<tr>
<td>☐</td>
<td>Comply with all MLS guidelines at all times.</td>
</tr>
<tr>
<td>☐</td>
<td>Provide instructions to agents to submit offers through the HomePath Online Offers system. Do not indicate status of First Look or include any comments that would deter submission of an offer, such as “Sold As Is” in the Marketing Description or Private Agent Remarks.</td>
</tr>
</tbody>
</table>
Photos of the Property

A picture really is worth a thousand words, so take good ones. Surveys prove that properties listed with multiple photos get 600% more traffic than those that do not. Make sure your camera lens is in focus. Consider the lighting that best enhances the shot and take the photos on a nice day that is sunny and bright whenever possible.

Concentrate on photographing the features of the home. Your primary marketing photo is the one that lures the audience. It is usually a picture of the front of the home but also take photos of the kitchen, family rooms, bedrooms, baths, and any unique features. What makes the column on the right not acceptable? Did you notice a vehicle in the driveway, open cabinets, lid raised on the toilet and that all are date stamped?

Figure 9: Property Photo Examples
Section 7: Listing, Marketing, and Managing the Property

General Guidelines for Photos

Follow these general guidelines for photos:

- Include a minimum of 10 photos and no date stamps. If the MLS is a member of ListHub, HomePath will always pull from the site (Equator, MLS, Franchise site) with the most photos.
- Make your photos a clear, viewable size. Thumbnail-sized photos are unacceptable.
- Use shots that are not blurry, distorted, dark or otherwise unclear. Turn on lights and open blinds for lighting.
- Your primary marketing photo should be the front view of the property unless another view best represents the property.
- Make sure the lawn is clean and that no people or vehicles are obstructing the view of the property.
- Take the property view photo without seasonal indicators (snow, holiday decorations, etc.) if possible, or update at a later time. NOTE: You have the ability to add/remove/rearrange photos directly on HomePath.
- Property feature photos should portray a positive image of the property.
- Avoid posting photos showing broken windows or other undesirable traits.
- Do not take tilted-angle photos.
- You should upload photos after trash/debris removal and initial field services have been completed, including Clear Boarding, if applicable. If repairs are done, or the season changes and more appealing views are available, update the photos.

Common Property Description Errors

Table 21: Common Property Description Errors on the next page provides a list of the errors agents most commonly make when listing a property. You must comply with these instructions in advertising, MLS, and on HomePath.com.

Also see Figure 10: Acceptable Property Description and Figure 11: Unacceptable Property Description for examples of acceptable and unacceptable property descriptions.
### Table 20: Common Property Description Errors

<table>
<thead>
<tr>
<th>Quality Control Item</th>
<th>Potential Issue and Requested Fix</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnest Money</strong>&lt;br&gt;<strong>Required or Deposit Required</strong></td>
<td>Referencing that earnest money deposits or specific deposit amounts (e.g. $1000 deposit) are required to submit an offer is inconsistent with Fannie Mae policy.</td>
</tr>
<tr>
<td><strong>Financing Eligibility or Cash Only</strong></td>
<td>Fannie Mae discourages predefined judgments in the marketing descriptions on HomePath.com regarding whether a property will be eligible/ineligible for FHA financing, the property condition may restrict/affect FHA financing, or that FHA/VA financing offers will not be accepted. Offer negotiations will address any financing concerns.</td>
</tr>
<tr>
<td><strong>Foreclosure, Foreclosed, Bank Repo, Sold As Is</strong></td>
<td>Fannie Mae discourages the use of terms such as “foreclosure,” “foreclosed,” “bank owned,” or “bank repo” in the marketing description on HomePath.com. Instead, use “Fannie Mae HomePath Property.” FNMA must never be used in any form of communication. <strong>Do not indicate in remarks that the property is sold “As Is” since the Residential Real Estate Purchase And Sale Contract will cover this topic. If your MLS has a field that identifies lender owned properties, use it so the property will be searchable by selling agents.</strong></td>
</tr>
<tr>
<td><strong>Lock Box Code</strong></td>
<td>Disclosing the key code, lock box code or combination in the marketing description or any place in MLS is unacceptable and may cause security/vandalism concerns. The lock box code is not to be published online, in publications of any kind, or in any other place, or media format.</td>
</tr>
<tr>
<td><strong>Discoloration/Environmental</strong></td>
<td>Fannie Mae discourages remarks that may portray the property in a negative manner. However, some cases may require limited access to the property. Therefore, all access restrictions regarding a possible environmental hazard should only be noted in the private agent remarks section.</td>
</tr>
<tr>
<td><strong>Preapproval or Prequalification</strong></td>
<td>Referencing that a pre-qualification or pre-approval is required to submit an offer is inconsistent with Fannie Mae policy. The following language may be used instead: “It is strongly encouraged that an offer includes proof of funds (if cash offer), or pre-approval (if financing) and is a requirement for seller’s final acceptance.”</td>
</tr>
<tr>
<td><strong>REO Compliance Fee, REO Fee or Processing Fee</strong></td>
<td>Fannie Mae prohibits the use of language that indicates a compliance fee, REO fee, transaction fee, administration fee, document fee or any other type of fee (such as an “application fee”) will be charged by a listing agent to the selling agent or buyer in connection with a Fannie Mae REO offer or sales transaction.</td>
</tr>
<tr>
<td><strong>Seller Will Pay</strong></td>
<td>Although Fannie Mae does negotiate and may offer selling incentives to cover a certain percentage of closing costs on acceptable offers, language that specifies a certain amount will be paid by the seller should not be used in marketing descriptions on HomePath.com unless specifically instructed to do so as part of a special offer. For example, “Seller will pay up to $4000 toward closing costs,” or “seller will pay 6 months past-due HOA fees.”</td>
</tr>
<tr>
<td><strong>Title or Settlement Company Required</strong></td>
<td>Indicating the use of a specific settlement company is inconsistent with Fannie Mae policy and the buyer always has the right to choose.</td>
</tr>
<tr>
<td><strong>First Look status</strong></td>
<td>Do not enter any comments about the First Look status or any comments meant to deter the submission of an offer. This includes Private Agent Remarks.</td>
</tr>
</tbody>
</table>
Section 7: Listing, Marketing, and Managing the Property

Figure 10: Acceptable Property Description

Figure 11: Unacceptable Property Description
Registering with ListHub (Excludes HECM Properties)

Fannie Mae has formed a business relationship with ListHub to help market REO properties. ListHub is the broadest, most widely adopted network for listing distribution, and works in concert with your MLS, franchises and core real estate technologies. ListHub provides Fannie Mae with two important marketing advantages:

- Allows for a feed of MLS data (photos, marketing descriptions, etc.) to HomePath.com (for supported MLS partners)
- Syndicates your listings to top real estate sites

Each managing broker (not listing agent) is required to register with ListHub. There is no charge to the broker for this service. Registering with ListHub is a quick, easy, one-time registration.

1. Every new listing agent/broker will receive an automated email from ListHub the first time they receive a HomePath listing. Please be sure to follow all the instructions provided in the email.

2. Once you have successfully completed the steps identified in the ListHub email, you will receive a confirmation message confirming the MLS’s you have added (may be no MLS’s if you don’t belong to any) along with some information to help you maximize your internet marketing via ListHub.

   **Note:** If you cannot register and need assistance, email ListHub at listhub.support@threewide.com. In the body of your email, include the MLS to which you subscribe and the reason you are unable to register for ListHub.

Once registered, the MLS feed and syndication will begin.

See **Figure 12: HomePath Website Data Flow** for an illustration of how data passes through HomePath.com.
Navigating HomePath.com

HomePath.com has four tabs on the home page that allow visitors find information quickly.

Figure 13: Tabs on the HomePath Website
The Special Offers section of HomePath.com provides information for site visitors about any current marketing incentives for buyers. See Figure 14: Special Offers below.

![Special Offers](image)

Figure 14: Special Offers
Section 7: Listing, Marketing, and Managing the Property

HomePath.com has a special tab for real estate professionals. See Figure 15: Real Estate Professionals Tab. Buyers Agents should go here to Make an Offer and get training materials related to how to make an offer on a HomePath property, access our HomePath Agent Matters newsletters, sign up to receive news alerts from Fannie Mae, register to become a HomePath Pro listing agent or vendor, stay connected via our social media sites and have access to Frequently Asked Questions.

HomePath Pro Agents (Fannie Mae approved listing agents) should go here to Make and Manage Offers, access our HomePath Agent Matters newsletters, sign up to receive news alerts from Fannie Mae, access the HomePath Marketing Storefront, stay connected via our social media sites and have access to Frequently Asked Questions.

Figure 15: HomePath For Real Estate Professionals Tab
Section 7: Listing, Marketing, and Managing the Property

To order marketing materials, scroll down the Real Estate Professionals page and select HomePath Pro Agents Section.

On the left menu, click Marketing Materials.
Section 7: Listing, Marketing, and Managing the Property

On the left menu, click Marketing Materials and then select the Visit HomePath Marketing button. See Figure 16: Ordering Marketing Materials below.

![Figure 16: Ordering Marketing Materials](image)

![Figure 17: HomePath Pro Storefront Login](image)
The HomePath Pro Storefront allows you to view and order marketing materials. See Figure 18: HomePath Pro Storefront below.

![HomePath Pro Storefront](image)

*Figure 18: HomePath Pro Storefront*
Advertising

Advertising your REO property in as many places as possible is critical for obtaining fair market value and timely disposition. Fannie Mae expects you to use all appropriate advertising mediums to sell REO property.

General Advertising

General advertising methodologies that you might incorporate when marketing the property include, but are not limited to, the following:

- Advertising and holding open houses.
- Using a direct mail or email campaign to advertise Fannie Mae properties to your list of clients interested in purchasing foreclosure properties.
- Posting virtual tours of the property.
- Posting to multiple websites.

Guide to Using HomePath Pro Marketing Materials (Excludes HECM Properties)

A variety of flyer templates, direct-mail postcards and sign riders are available in HomePath Pro Storefront. Listing agents are provided a $40 marketing co-op (expires within 90 days of listing) per active listed property to offset the cost of marketing materials in Storefront. View the catalog here.

Postcards and flyers are customizable with your contact information and specific property information, including pictures, marketing description, and agent contact information. The HomePath sign rider and Acrylic Flyer Holder stands are also available. These materials can help you promote to selling agents and buyers when a property is coming on the market, has been listed, when you are hosting an open house, reducing the listing price or offering incentives to buyers.

We expect every active listing to have a property-specific, HomePath branded flyer which includes a marketing photo, property information, and agent contact info.

For a complete list of marketing materials, sign in to the HomePath Pro Storefront or view the catalog here. You will have to complete the Confirm HomePath Materials task to verify placement in the property.

Window Clings Available (including HECM properties)

Fannie Mae has consolidated the yellow Pre-Listing Window Decal and green Post-Listing Window Decal into one Window Cling. Agents can order these from Storefront.

You may also download an Adobe version which allows you to enter your name and phone number for printing. The name and phone number must correspond to the Fannie Mae approved primary contact for your company. The printable Window Cling is available by clicking https://www.homepath.com/content/pdf/vendorresources/Window_Cling.pdf. If you have only HECM assignments, you will not be able to order from Storefront so use the printable version unless you have extra decals from Storefront orders completed previously for the new Window Cling.

Our expectation is that all eligible properties will display a Window Cling including HECM properties.
Section 7: Listing, Marketing, and Managing the Property

Reminders:

- Do not place the Window Cling until redemption or confirmation expires.
- Do not place the Window Cling if it violates any HOA rules.
- Post using materials that will reflect a professional appearance. If you post a paper copy of the Window Cling, it must be in color and free of wrinkles and stains. *Take care to use tape or adhesive that appears neat and will remove cleanly. Replace as necessary to maintain a professional appearance.*
- Do not post other notices developed by you or your company.
- Post any state, municipal, or HOA notices in any locations required by any authority with a posting requirement.
- Remove the Door Hanger Form when redemption/confirmation expires.
- Remove KYO after allowing adequate time for response.

Posting only required notices and using the approved Window Cling will increase the curb appeal of the property while making sure that your contact information is displayed should issues arise. Contact your Asset Manager if you have any questions about allowable postings.
Section 7: Listing, Marketing, and Managing the Property

See Figure 19: HomePath Pro Flyer Example and Figure 20: HomePath General Sign Rider examples below.

Figure 19: HomePath General Flyer Example

Figure 20: HomePath General Sign Rider
Responding to Prospective Buyers and Selling Agents

Fannie Mae expects listing agents to respond to all communications within one day. Responses should be polite, informative, and professional. If the property has an electronic lock box and the selling agent does not have access, you must make accommodate access by providing a key or meeting the agent at the property. You must never provide access to a buyer unless accompanied by a licensed agent. This includes inviting a buyer to “walk around the property” and call you back if interested in an interior inspection.

In discussions with prospective buyers, you should be able to speak knowledgeably about the property details and answer questions from interested buyers or buyers’ agents. You should be able to:

- Highlight positive features of the property.
- Discuss any improvements made.
- Describe any special incentives for which the property is eligible.

Additionally, agents should be willing to make the property available for showing to potential buyers not represented by an agent in a timely manner.

Note: When offers have already been submitted for a specific property, Fannie Mae expects agents to continue to market the property and respond to additional buyer inquiries. You should still make the property available for showings and collect potential buyers’ contact information. It is important that you do not turn away these interested buyers as some offers will fall through.

HomePath Ready Buyer™ Education Program

HomePath® is proud to launch our HomePath Ready Buyer program, a comprehensive online homebuyer education course. First Time Homebuyers who complete this education course prior to their initial offer may request up to a total of 3% of the purchase price toward closing cost assistance and reimbursement of the HomePath Ready Buyer training cost.

Eligibility Requirements:
- Buyers must complete the full online HomePath Ready Buyer training course on [www.homepath.com](http://www.homepath.com) and receive the Certificate of Completion.
- The request for closing cost assistance and reimbursement must be made at initial offer in the HomePath Online Offers.
- Must be First Time Homebuyer (did not own a property in the past three years) and plans to reside in the property as their primary residence within 60 days of closing.
- **HECM, Auction, pool and investor sales are not eligible.**

Important! It is the listing agent’s responsibility to ensure that the buyer is a first-time buyer who completed training by validating responses to relevant Online Offer questions.
Section 7: Listing, Marketing, and Managing the Property

- Review the HomePath Ready Buyer Job Aid for instructions on documenting this program in Online Offer and in Equator. The negotiated amount for closing cost assistance will include the HomePath Buyer Ready training cost.
- Refer homebuyers and Buyer's Agents to full details here: http://homepath.com/ready_buyer.html.
- Download the flyer for distribution and placement in the property. Upload to MLS where permitted.

Instructions for Buyer's Agents: To make the request for closing cost assistance and reimbursement of the course fee at initial offer submission, include the following verbiage for placement in Section 38 of the Fannie Mae Residential Real Estate Purchase And Sale Contract:

- Seller will contribute up to $_______ towards buyer closing costs, points, prepaids, and reimbursement of HomePath Ready Buyer™ course. In the event that the buyer's lender restricts the allowable Seller contributions toward Buyer's closing costs, Seller's actual and total contribution shall be limited to the allowable amount.
- If buyer selected their own settlement vendor in section 10f: Seller will contribute up to $_______ towards buyer closing costs, points, prepaids, and reimbursement of HomePath Ready Buyer™ course, excluding title insurance. In the event that the buyer's lender restricts the allowable Seller contributions toward Buyer's closing costs, Seller's actual and total contribution shall be limited to the allowable amount.

Monitoring the Listing

As the listing agent, you have the responsibility to make sure the property is consistently maintained according to the processes outlined in this Guide.

Complete the Weekly Property Inspection task and upload a date stamped photograph(s). Report any condition changes. You will need to message your Asset Manager in Equator if there are any changes requiring action.

Monthly Marketing Report Task

Fannie Mae relies on your monthly marketing reports as the primary means to determine whether the property is positioned correctly so that it competes with other listings in the area. You will be tasked every 27 days to complete the Monthly Marketing Report task.

This information update must include:

- The number of times the property was shown during the reporting period.
- Detailed feedback you receive from other agents and potential buyers viewing the property.
- The next-step actions you recommend for improving the property’s marketability during the next 30-day period.
- The status of any repairs in process. Failure to complete these updates may result in the transfer of the listing.
Section 7: Listing, Marketing, and Managing the Property

- Comparable Sales since last report.
- Any other information that supports a change in the marketing strategy.

**Requesting a List Price Adjustment**

As a general rule, if the current list price is 30 to 45 days old, and despite strong marketing the property has not generated a sufficient level of interest from potential buyers, it may be appropriate to request a list price reduction. Fannie Mae considers the following types of information when making list price adjustment decisions:

- Repairs completed, and property exposed in a repaired condition for at least 30 days
- Offer activity
- Total days on market
- Days on market at current list price
- Days on market after an offer falls through, and the reason the offer fell through
- Updated BPO with new comparables that support a change in pricing
- Monthly Marketing Reports
- Market factors which account for decline or appreciation in values

**Note:** If an offer is in negotiation, or you are aware an offer will be submitted, do not request a price adjustment. If you receive an offer and have already requested but not yet received a price adjustment, contact the Fannie Mae Asset Manager immediately. Once price adjustments have been approved, they are advertised on the HomePath website and syndication sites the next business day regardless of whether you have adjusted the price in the MLS. Alert the Fannie Mae Asset Manager immediately and request cancellation of the price adjustment if an offer has been received and the price adjustment has not yet been submitted to MLS.

**Submitting Requests**

Complete the **Monthly Marketing Report** task which is triggered every 27 days. The Fannie Mae Asset Manager reviews the **Monthly Marketing Report** and will determine whether a price adjustment is justified. If approved, you will receive the **Acknowledge Listing Supplement** task with the new price, expiration date, and any other modified terms. Once you receive an approved list price reduction, immediately update MLS and any other web sites. Review the showing history and contact all agents/buyers that may have further interest. If feedback from showings indicates that the condition of the property is a primary factor in the lack of offers, you may suggest repairs that would be more effective than a price adjustment.

**Reminder:** There are restrictions on the ability to adjust the price during the Pre-6MMTP.
Section 7: Listing, Marketing, and Managing the Property

REO Auction Process

Traditional Auction

REO properties that have not sold through retail sales may be selected for an REO traditional auction solution. To achieve the most effective sales method, the selection of auction properties is based on the available inventory while considering the:

- Value by state
- Days on market
- Fannie Mae business needs

Selection for Traditional Auction

You will be notified that certain properties have been selected for auction and informed of the critical dates in the auction process. The notification includes:

- Auction vendor name
- Freeze date
- Auction commission structure
- Other important facts

Prior to the freeze date, continue to market the property and submit all offers received on the property into the system. You may be requested to complete an updated BPO for use in the auction process. All cases designated for auction will be assigned to a specific Fannie Mae Auction Asset Manager.

Freeze Date

The traditional auction freeze date is the last day offers may be submitted in the retail channel. After the freeze date, the listing will be transferred to the designated Auction Vendor, and the designated properties will be assigned to a specific Fannie Mae Auction Asset Manager.

The Auction Vendor may offer you an agreement to continue performing the services as the managing agent for a commission. At the time of the auction freeze, the assigned Auction Vendor receives a listing supplement from Fannie Mae, naming the assigned listing agent as the managing agent. The assigned Auction Vendor will send the assigned listing agent an Auction Notification Letter to the email address listed in the agent profile in Equator (not through Equator messages) to use as their managing agent supplement.

As the managing agent, you are responsible to perform the following throughout the auction process:

- Update the MLS with the auction standard verbiage & commission and keep the property listed in MLS at all times
- Continue to maintain the property
- Work with the Auction Vendor to ensure marketing efforts are effective as possible
- Hold two open houses (if applicable)
Note: properties transferred to auction will not have the “Make an Offer” button on HomePath.com. You will submit all offers to the assigned Auction Vendor for review by the Fannie Mae Auction Asset Manager.

2nd Look Period After the Auction Freeze
Once traditional auction properties have moved to that channel, they will enter into the 2nd Look Program. The 2nd Look Program will make the auction properties available for sale or donation to a Public Entity with NCST (Neighborhood Community Stabilization Trust). NCST is given an allotted timeframe of 7 business days to review the list of properties.

Any properties sold during the 2nd Look to a non-profit will be removed from auction and transferred to the Public Entity group. Any properties that are declined during the 2nd Look will proceed down the auction path with the assigned Auction Vendor.

The Auction Vendor will not receive the list of auction properties until the 2nd Look period has expired; therefore, the Auction Vendor will NOT have any information on the property during this time.

Properties cannot be removed from auction while they are in the 2nd Look period. The Auction Asset Manager can hold the request until we have received a response back from NCST. If NCST has declined the property, then the Auction Asset Manager can remove prior to sending it down the auction path.

Traditional MLS Verbiage and Commission
“This property is now under auction terms. All offers should be submitted through the Auction Vendor. This property is subject to a 5% buyer’s premium pursuant to the Auction Terms & Conditions (minimums may apply). Please contact the listing agent for commission. This is a reserve auction and all offers are subject to seller approval. Please contact listing agent for details. (commissions are based on the winning bid amount).”

- Managing/Listing Agent  2% or $1000 minimum (based on Winning Bid Amount)
- Cooperating Broker   1% or $400 minimum (based on Winning Bid Amount)
(If there is no Buyer’s Agent, the Buyer’s Agent commission is not paid by Fannie Mae)

NSI (Neighborhood Stabilization Initiative) Auction
The Neighborhood Stabilization Initiative (NSI) was jointly developed by the Federal Housing Finance Agency (FHFA) to stabilize neighborhoods that were hardest hit by the housing downturn, and to reduce the inventory of real estate owned (REO) properties held by Fannie Mae and Freddie Mac. Redemption properties in the Detroit MSA are initially marketed by the Public Entity team’s Quick Look Program. Any occupied Redemption properties that are not sold in Quick Look are then eligible for the Detroit NSI Auction.

Selection for NSI Auction
- Eligible Redemption Properties in the Detroit, MI MSA
- Occupied Redemption Properties Rejected by NCST in the Public Entity team’s NSI Quick Look program
Section 7: Listing, Marketing, and Managing the Property

NSI Auction Freeze

Properties are setup weekly in an NSI Auction event with occupied Redemption properties that were rejected by NCST in the Public Entity’s team’s NSI Quick Look program. These events will freeze on the day that the event is created.

After the freeze occurs, the listing will be transferred to the designated Auction Vendor and the designated properties will be assigned to a specific Fannie Mae Auction Asset Manager. The Auction Vendor may offer you an agreement to continue performing the services as the managing agent for a commission. At the time of the auction freeze, the assigned Auction Vendor receives a listing supplement from Fannie Mae, naming the assigned listing agent as the managing agent. The assigned Auction Vendor will send the assigned listing agent an Auction Notification Letter to the email address listed in the agent profile in Equator (not through Equator messages) to use as their managing agent supplement.

Note: NSI Properties are NOT listed in MLS.

NSI Auction Commission

- Listing Agent 1% or $500 minimum
- Buyer Agent 1% or $400 minimum
(If there is no Buyer’s Agent, the Buyer’s Agent commission is not paid by Fannie Mae)

ALVS (Accelerated Low Value Strategy)

ALVS (Accelerated Low Value Strategy) properties are vacant properties that are valued at $10k or below. ALVS properties are outside the NSI MSA’s that are presented to NCST for review for a non-profit buyer.

ALVS Auction Freeze

ALVS properties will freeze to a weekly auction event. After the freeze occurs, the listing will be transferred to the designated Auction Vendor and the designated properties will be assigned to a specific Fannie Mae Auction Asset Manager.

The Auction Vendor may offer you an agreement to continue performing the services as the managing agent for a commission. At the time of the auction freeze, the assigned Auction Vendor receives a listing supplement from Fannie Mae, naming the assigned listing agent as the managing agent. The assigned Auction Vendor will send the assigned listing agent an Auction Notification Letter to the email address listed in the agent profile in Equator (not through Equator messages) to use as their managing agent supplement.

As the managing agent, you are responsible to perform the following throughout the auction process:
Section 7: Listing, Marketing, and Managing the Property

- Update the MLS with the auction standard verbiage & commission and keep the property listed in your local MLS (if your local MLS does not allow auction properties please place this in the comment box of the **MLS Number/MLS Sheet** task)
- Continue to maintain the property
- Work with the Auction Vendor to ensure marketing efforts are effective as possible
- Hold two open houses (if applicable)

Note: properties transferred to auction will not have the “Make an Offer” button on HomePath.com. You will submit all offers to the assigned Auction Vendor for review by the Fannie Mae Auction Asset Manager.

**ALVS MLS Verbiage and Commission**

“This property is now under auction terms. All offers should be submitted through Auction Vendor. This property is subject to a 5% buyer’s premium pursuant to the Auction Terms & Conditions (minimums may apply). Please contact the listing agent for commission. This is a reserve auction and all offers are subject to seller approval. Please contact listing agent for details. (commissions are based on the winning bid amount).”

- Managing/Listing Agent 1% or $500 minimum (based on Winning Bid Amount)
- Cooperating Broker 1% or $400 minimum (based on Winning Bid Amount)

(If there is no Buyer’s Agent, the Buyer’s Agent commission is not paid by Fannie Mae)

**UTM (Unable To Market) Day 1 Aged Auction**

UTM Day 1 (Unable to Market Day 1) properties are new REO inventory where occupants refused Cash for Keys.

**UTM Day 1 Auction Freeze**

Once the auction freeze has happened for the UTM Day 1 properties, the following will occur:

- These properties will be marketed and auctioned outside of Equator.
- The Retail Asset Manager will remain as the assigned Asset Manager in Equator to manage the property until an offer is placed into Equator. Once the offer has been entered then the property will transfer into the designated Auction Asset Manager’s name.
- The Agent will notify the Retail Asset Manager if any property preservation or security issues arise for direction.
- The Auction Vendor will receive the list or properties that have frozen to an auction event to begin marketing.

Once the auction freeze has occurred, as the managing agent, you are responsible to perform the following throughout the auction process:

- List the property in your local MLS with the auction verbiage and commission.
- Complete the **MLS Number/MLS Sheet** task in Equator.
Section 7: Listing, Marketing, and Managing the Property

UTM Day 1 Auction MLS Verbiage and Commission

“This property is now under auction terms. All offers should be submitted through Auction Vendor. This property is subject to a 5% buyer’s premium pursuant to the Auction Terms & Conditions (minimums may apply). Please contact the listing agent for commission. This is a reserve auction and all offers are subject to seller approval. Please contact listing agent for details. (commissions are based off the winning bid amount).”

- Managing/Listing Agent Commission 1% or $500 minimum
- Cooperating Broker Commission 1% or $400 minimum

(If there is no Buyer’s Agent, the Buyer’s Agent commission is not paid by Fannie Mae)

OPM (Occupied Property Management) Aged Auction

OPM (Occupied Property Management) Auction properties are aged REO inventory with lengthy or contested evictions.

OPM Day 1 Auction Freeze

Once the auction freeze has occurred for the OPM Aged properties, the following will occur:

- The Retail Asset Manager will remain as the assigned Asset Manager in Equator to manage the property until an offer has been received. Once an offer is received and entered into Equator then the roles will transfer to the designated Auction Asset Manager.
- The Listing/Managing Agent will NOT list the property in their local MLS.
- The Listing/Managing Agent will NOT display a yard sign.
- The Auction Vendor will receive the list of OPM Aged properties that have frozen to auction to begin marketing.

OPM (Occupied Property Management) Aged Auction Commission

- Listing/Managing Agent: 2% or $1,000 minimum (based on winning bid amount)
- Buyer’s Agent: 1% or $400 minimum (based on winning bid amount)

(If there is no Buyer’s Agent, the Buyer’s Agent commission is not paid by Fannie Mae)

C6 Auction

C6 Auction properties are vacant properties deemed C6 condition on a complete Appraisal.

You will be notified that certain properties have been selected for auction and informed of the critical dates in the auction process. The notification includes:

- Auction vendor name
- Freeze date
- Auction commission structure
Section 7: Listing, Marketing, and Managing the Property

- Other important facts

Prior to the freeze date, continue to market the property and submit all offers received on the property into the system. You may be requested to complete an updated BPO for use in the auction process. All cases designated for auction will be assigned to a specific Fannie Mae Auction Asset Manager.

**C6 Auction Freeze Date**

After the designated Auction freeze date and time has occurred the C6 properties will be transferred to the Auction channel.

At that time the listing will be transferred to the designated Auction Company, and the designated properties will be assigned to a specific Fannie Mae Auction Asset Manager.

The auction vendor may offer you an agreement to continue performing the services as the managing agent for a commission. At the time of the auction freeze, the assigned Auction Vendor receives a listing supplement from Fannie Mae, naming the assigned listing agent as the managing agent. The assigned Auction Vendor will send the assigned listing agent an Auction Notification Letter to the email address listed in the agent profile in Equator (not through Equator messages) to use as their managing agent supplement.

As the managing agent, you are responsible to perform the following throughout the auction process:

- You will update the MLS with the Auction standard verbiage and commission and keep the property listed in MLS at all times
- Continue to Maintain the property.
- Work with the Auction Vendor to ensure marketing efforts are effective as possible.
- Properties transferred to Auction will not have the “Make an Offer” button on HomePath.com. You will submit all offers to the assigned Auction Vendor for submittal and review by the Fannie Mae Auction Asset Manager.

**C6 Auction MLS Verbiage and Commission**

This property is now under auction terms. All offers should be submitted through Auction Vendor. This property is subject to a 5% buyer’s premium pursuant to the Auction Terms & Conditions (minimums may apply). Please contact the listing agent for commission. This is a reserve auction and all offers are subject to seller approval. Please contact listing agent for details. (commissions are based on the winning bid amount)

- Managing/Listing Agent 2% or $1000 minimum (based on Winning Bid Amount)
- Cooperating Broker 1% or $400 minimum (based on Winning Bid Amount)

(If there is no Buyer’s Agent, the Buyer’s Agent commission is not paid by Fannie Mae)

**Auction Period for All Auction Programs**

Any property selected for auction may be sold at any time after the freeze date. If you receive an offer, contact the Auction Vendor immediately for further instructions.

- All interested buyers need to register with the Auction Vendor’s website as soon as possible.
- All auction offers will be submitted to Fannie Mae by the Auction Vendor.
Section 7: Listing, Marketing, and Managing the Property

- Please work with the Auction Vendor to ensure that cooperating agents are aware of the applicable commission, auction terms, and required contract and addenda forms.

If a property you represent sells during the auction period, you will receive notification from the Auction Vendor. The Real Estate Purchase Addendum (Auction) will be used in conjunction with Auction Vendor’s contract. Be sure to check with the Auction Vendor to ensure all of your responsibilities have been satisfied.

All offers are subject to Fannie Mae approval whether received pre-auction, at the auction event, or post-auction event. Unless noted otherwise, all responsibilities continue through the entire auction process.

Properties Not Sold in Auction

Properties not sold during the auction period may be transferred to a different Auction Vendor. Until otherwise notified, you are responsible for continuing to:

- Maintain the property.
- Market and list the property in MLS.
- Submit all offers to applicable Auction Vendor.

Unless noted otherwise in this section, the responsibilities detailed in this Guide still apply through the entire auction process.

Reimbursements for Auction Property Preservation

There is no change in the reimbursement process for properties in the auction channel.
Section 8: Managing Offers and Executing Contracts
Overview
Receiving an offer is the result of successfully performing the previously discussed critical functions.

Critical Function #6: Manage Offers
Managing the offer process utilizing the HomePath Online Offers system is vital to successfully executing each assignment. Skillful negotiations accomplish a timely sale, at a price that best preserves values and maximizes Fannie Mae’s proceeds. Timely and effective communication with all parties is critical.

Fannie Mae expects to counter-offer as often as necessary to net a maximum sale price.

Disregard any references to First Look throughout this section. First Look does not apply.

The property is required to be in MLS for three full days before offers can be negotiated but both investors and owner occupants are eligible. Always submit complete offers within one day of receipt even if received prior to the three days in MLS. The Asset Manager will determine eligibility for negotiation.

Note: You must strictly comply with Fannie Mae policy when collecting and returning earnest money, negotiating contingencies, submitting multiple offers, handling purchases by a licensed agent, securing necessary approvals, and all other relevant activities.

First Look Initiative
Fannie Mae employs an initiative designed to help preserve property values and minimize impact on communities. This First Look Initiative requires strict adherence to the timeframes outlined in Figure 21: First Look Timeline, below. More than the timeframes, it is necessary that you understand the “spirit” of the initiative, so you can communicate the purpose to selling agents when offers are received that are not eligible for negotiation. Listing agents are highly encouraged to develop relationships with public entities. These relationships will be beneficial in the marketing and sale of HomePath properties.

Reminder: First Look is applied to Land Only properties, even though there can be no Owner Occupant. This allows Public Entity buyers a chance to purchase first.

HomePath.com is the definitive source for determining whether the property is subject to First Look. Do not count days from the list date to determine the First Look status. Other rules apply, and counting will not be accurate. The First Look indicator on Equator may not match the actual status on HomePath.com so do not rely on anything other than HomePath.com.

Should you be approached by an agent or buyer post-closing due to a hardship imposed by the Owner Occupant Certification, a request for a hardship waiver must be directed to fanniemae_firstlook@fanniemae.com along with any supporting documentation. Granting the waiver will be at the sole discretion of Fannie Mae. The terms of the Owner Occupant Certification apply even if the First Look period has expired if the buyer represents their intent to occupy.
HECM properties are not subject to First Look.

**First Look Timeline**

- Only owner occupants purchasing as a primary residence and buyers using public funds can purchase property during the First Look Marketing Period. (Corresponds to first 20 days in all states except Nevada, which has a 30 day Marketing Period.)

- Investor offers can be considered after the first 20 full days on [www.HomePath.com](http://www.HomePath.com) when the First Look countdown clock is no longer displayed.

- If the offer was accepted on a property within the First Look Marketing Period and the offer subsequently falls through, the property WILL be subject to a second First Look Marketing Period as displayed on the countdown clock on [www.HomePath.com](http://www.HomePath.com).


- **Day 1 – 3** No offers negotiated
- **Day 4** Negotiate only offers from an owner occupant, public entity, or designated partner of a public entity
- **Day 20** Last day of First Look Period
- **Day 21** First day to enter into negotiations with investors not using public funds

**Figure 21: First Look Timeline**

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**Receiving and Submitting Offers**

To facilitate the timely communication and submission of offers, Fannie Mae requires the use of the HomePath Online Offers system. There will be a Make an Offer button for selling agents to start the process and only licensed agents are permitted to submit offers. For more information and training tutorials for selling and listing agents, go to [http://www.homepath.com/offerQuestion.html](http://www.homepath.com/offerQuestion.html).

- Disregard any references to First Look throughout this section.
- Note that during the Pre-6MMTP, Fannie Mae must comply with HUD restrictions that require a sales price at least 100% of the list price.
- The ability to negotiate concessions is restricted.

The offer submission process varies depending on the buyer type.
Owner Occupant, Public Entity, or Designated Partner of a Public Entity Offers

A property must be listed for three full days before entering into negotiations with an eligible buyer. Submit all complete offers within one day of receipt. If not eligible for negotiation at the time the Asset Manager reviews it, it will be rejected. You can then notify the buyer’s agent to resubmit on the day that represents 17 days or less remaining on the countdown clock (Day 27 in Nevada). Do not hold complete offers to wait out the three-day period.

Investor Offers

Fannie Mae defines an investor as one buying property that will not serve as the buyer’s primary residence. Investors not using public funds are ineligible for offer negotiation during the First Look marketing period. A buyer purchasing for use as a second home (defined as a vacation home or home used only part of the year) is an investor and is ineligible during the First Look marketing period.

Some buyers may own other properties and still be considered an owner occupant on a new purchase. Do not assume the buyer is an investor just because another property is owned. You may be directed to question the motivation for occupying, such as exploring whether this is a move up, bigger home, relocating from another state, closer to work, etc. Always enter the offer with the buyer type associated with the response in Section 6 of the Residential Real Estate Purchase And Sale Contract and provide any information you have about their selection in the offer comments.

A buyer personally purchasing for the benefit of a disabled adult child who will occupy will be considered an owner occupant, even if there is no intent for the buyer to occupy so explain this situation in offer comments. As a general rule, at least one buyer name must be human to be considered an owner occupant. If only an entity name shows as the buyer (such as an LLC or Inc), then Fannie Mae will consider it an investor deal. An exception to this rule is a trust established on behalf of an individual who will reside in the home. In that situation, as long as the signor for the trust is willing to execute the Owner Occupant Certification (OOC), we will consider it an owner occupant deal. Refer to the Buyer Eligibility Chart contained in the First Look Job Aid linked in the Resources section of this Guide for other information regarding eligibility.

Note: Offers from a public entity, designated partner of a public entity, or nonprofit approved by the PE team, is an investor buyer type that is eligible during the First Look period to purchase. A property that has at least one unit occupied by a tenant is exempt from First Look and may be purchased by an owner occupant or investor.

If a complete offer from an ineligible investor is received anytime during the First Look Marketing Period, submit the offer and it will be automatically rejected. Notify the buyer’s agent to resubmit when the First Look countdown clock no longer displays.

If First Look has expired on HomePath.com and shows actively in First Look in Equator, to prevent an eligible investor offer from being rejected, select the buyer type as First Look Exception-Investor. Investors using public funds will not be rejected and should not use the First Look Exception-Investor buyer type.

Note: Do not invite an ineligible investor to participate in the multiple offer process. Immediately enter investor offers and do not flag as multiple offers. Do not hold offers for submission after expiration of First Look.
Offers Received the Last Day of First Look

Your role in ensuring that the spirit of First Look is fulfilled requires that you recognize those offers received on the last day of First Look. "Received" includes any offer deposited into HomePath Online Offers up to midnight on the last day of First Look (which is considered the expiration of First Look).

If the offer is received on or before the expiration of First Look:

- Do not invite investors to participate in the multiple offer process.
- Additional offers from owner occupants should be included in a round of multiple offers if negotiations have not started. If negotiations have started, contact the Asset Manager for direction.
- Investor offers will be considered if negotiations with First Look eligible buyers are not successful.
- Indicate in the offer comments that eligible offer(s) received last day of First Look and indicate that any Investor offers were submitted and not invited to the Multiple Offer Process.

To recognize the last day of First Look, follow these steps:

- On the day after you enter the property into MLS, search for the property on HomePath.com
- Review the Property Details for accuracy: address, description, photos, contact information, and days remaining on the First Look Countdown Clock.
- Convert the days remaining to a calendar date and record that date for reference as the First Look expiration date.
- If a property falls through that had been sold during First Look, repeat the steps above. First Look does not repeat after two sales fall through.

Reminder: HomePath.com is the definitive source for First Look, not Equator. If you have a question about the First Look status, message the Asset Manager to determine if an escalation to the First Look team is required. HomePath Web Support cannot help with these issues.

Example:
17 days remaining as of August 27, 2013 converts to midnight on September 12, 2013 as the expiration of First Look.

This process will make sure that we do not overlook an eligible buyer.

Offers from Listing Brokers, Licensed Agents, Vendors, and Multi-Purchase Buyers

Offers received from certain buyer types require special handling and approval. Communicating the correct buyer type will enable an accurate response during negotiations.
Listing Brokers, Listing Agents, and Immediate Family

For any property assigned to a broker, Fannie Mae prohibits the purchase by the listing broker, listing agent, and any licensees affiliated with the broker. This includes licensees in offices affiliated with the broker or those that have common ownership with the listing brokerage. Also prohibited is the sale to the immediate family of the listing broker, listing agent, and any licensees affiliated with the broker. Immediate family is defined as a child, stepchild, parent, stepparent, spouse, domestic partner, sibling, step sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, or any person (other than a tenant or employee) sharing your household. If an employee of the broker has access to any Fannie Mae information not available to the general public, then that employee and employee’s immediate family is not eligible to purchase. It is your obligation to inform these parties that they are not eligible to purchase your listings.

Should the listing broker or any licensee of the broker have an interest in purchasing a Fannie Mae REO listed with another company, the buyer/agent must indicate that relationship in Section 38 of the Residential Real Estate Purchase And Sale Contract. The agent receiving the offer must then communicate the agent’s status in the offer comments when submitting the offer into the system. The buyer type for this purchaser is Licensed Agent-Investor or Licensed Agent-Owner Occupant.

Licensed Agents
Licensed agents purchasing as a principal have a duty to disclosure their licensee status, whether purchasing individually or as part of a partnership, corporation, LLC, or other entity. The buyer type in the system is Licensed Agent. A Licensed Agent may be an investor or an owner occupant. If your company represents a licensee not affiliated with your company, such as an agent from another state purchasing in your area, be sure to detail the situation in the offer comments so it is clear that this is an eligible buyer who disclosing their licensee status.

Vendors
The Vendor buyer type is used for buyers that have a direct or indirect vendor relationship with Fannie Mae or an entity doing business with Fannie Mae, such as lenders, title companies, and repair or maintenance contractors. A Vendor purchaser may be either an investor or an owner occupant. In the offer comments, clearly set forth the nature of the vendor relationship of the buyer to Fannie Mae and include whether the vendor is an owner, management or staff (or immediate family of same) with direct access to Fannie Mae systems. Also indicate if the vendor is currently or was previously assigned the property. This transaction type requires managerial approval before offer acceptance.

Multi-purchase
Any buyer that has previously purchased a Fannie Mae property is a multi-purchaser. Review the response to Section 17 (f) of the Residential Real Estate Purchase And Sale Contract. If the buyer has previously purchased, the buyer type must be identified as Multi-purchase. If this is not marked on the contract, the buyer must execute new documents prior to submission. A multi-purchaser may be an investor or an owner occupant. If purchasing as an owner occupant, they should provide the addresses or REO IDs of the properties previously purchased. (This applies to all cases including HECMs.)

Note: If the buyer is a licensed agent and a multi-purchaser, select the buyer type corresponding to multi-purchaser and indicate licensee status in the Offer Comments.
Public Funds Offers

Public funds are funds disbursed from the federal government, the state, or a specific jurisdiction, and are available in many different forms. Neighborhood Stabilization Funds are one type of public funds being used to purchase property from Fannie Mae. Congress created the HUD Neighborhood Stabilization Program (NSP) to help cities, counties, and states deal with community problems that are the result of the mortgage foreclosure crisis. Generally, the money must be used to buy, repair, and resell foreclosed and abandoned homes. As long as the funds are used for this redevelopment, the units of government that receive HUD funds decide how to direct the funds and what specific redevelopment activities to pursue.

Other public funds sources include block grants, housing trust funds, and charitable foundation funds. Fannie Mae works diligently to create the most efficient transaction process possible to meet the needs of public funds users. The Fannie Mae Public Entity Sales Team was designed to support these efforts.

Public funds can be used by a city, municipality, sub-recipient, or owner occupant. These users play a critical role in the health of the community, as they utilize dollars that have been targeted to meet the specific needs of the community impacted by the mortgage crisis. Consequently, public funds users require special care and it is important that every step of the transaction is managed appropriately.

Since special regulations and circumstances influence public funds transactions and purchases, the Public Entity Sales Team closely monitors each public funds offer. As a result, these offers include the following conditions:

- During the “Coming Soon” period prior to listing the property, public entities and sub-recipients accompanied by an agent can gain early access to a Fannie Mae property to complete the due diligence. Early viewing is permitted if the property is in safe condition and does not present a liability to the buyer or to Fannie Mae. This extra time allows the public entity to submit the purchase decision through the entity’s organization’s approval system, so the offer may be made.
- During the First Look Marketing Period, public entity buyers and other entity buyers using public funds are considered investors but are allowed to purchase during First Look Period.
- The Public Entity Sales Team negotiates ALL public funds offers and handles ALL public funds issues. This includes ANY modifications to an accepted contract such as closing date extensions, sales price adjustments, repairs, and terminations.
- Fannie Mae waives the earnest money for public entities and sub-recipients.
- Fannie Mae requires $500 earnest money from owner occupants using public funds.
- An NSP user must complete the appropriate NSP Supplement as part of the contract package.
- An NSP user can only pay 99% of the Uniform Residential Appraisal value and any adjustments in price following the receipt of the URA appraisal must be approved the Public Entity Sales Team.

Note: Supplemental language can be provided by the Public Entity Sales Team to meet specific jurisdictional legal requirements. This language is inserted into Section 38 of the Residential Real Estate Purchase And Sale Contract. If extra documents or language are included by the buyer, send the package to Public Entity Sales for review at publicentity_reosales@fanniemae.com.
Receiving and Submitting Public Funds Offers

1. **Verify the offer is using public funds.**

   When an offer using NSP or other public funds is received, ask the buyer’s agent to confirm the source of funds. Typically, a letter is provided showing the user has been granted the funds for the purchase of the property. If this letter is not available, make sure the specific name of the funding program being used is provided. Message and attach any supporting documents or public entity required addenda in Equator for review by the Public Entity Sales Team. FHA, USDA, and USRD funds are not considered public funds when used alone.

2. **Confirm the offer is entered properly into the system.**

   Enter the offer as you normally would, but make sure to select the appropriate Public Funds Usage Type in the offer details.

   - **Public Entity Using Public Funds** – City, county, or municipality buyer (Example: City of Cleveland)
   - **Individual Using Public Funds** – Owner occupant using public funds or funds from a non-profit agency (Example: John and Jane Doe)
   - **Other Entity Using Public Funds** – Non-profit (using public or private funds) or for-profit partner organization (Example: Habitat for Humanity)

   Earnest money is waived if the buyer is a public or other entity. An owner-occupant buyer using public funds is required to deposit $500. Include sufficient comments detailing the specific public funds being used and other information pertinent to the offer in the offer comments section.

   If the source of funds is NSP, confirm the buyer has executed the correct Fannie Mae NSP Supplement. If the funds source requires other documentation, forward to publicentity_reosales@fanniemae.com for review and copy the Fannie Mae Asset Manager on the communication.

3. **Carefully monitor the negotiation.**

   The Public Entity Sales Team will be tasked in Equator to review the public funds offer. The Asset Manager will not negotiate any other offers until the Public Entity Sales Team has reviewed, rejected, or completed negotiations on the public funds offer. The Public Entity Sales Team is the only group authorized to negotiate public funds offers. The Public Entity Sales Team may contact you to ask specific questions regarding the offer so a prompt answer to these questions will prevent delays in the process. If one or more offers in a Multiple Offer situation utilize public funds, the Public Entity Sales Team will review and determine whether the public funds offer, or a different offer will be negotiated.

4. **Timely response is critical.**

   It is vital to communicate with the buyer in a timely fashion. Make every effort to ensure the buyer is notified at every stage of the transaction. Clear and timely communication is very important to ALL buyers.
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Contract Package

If the accepted offer utilizes NSP funds, the contract package consists of the Fannie Mae Residential Real Estate Purchase And Sale Contract. No other addenda, riders, or certifications supplied by other funding entities are to be included. Supplemental language can be provided to meet most jurisdictional requirements.

If the public funds are not NSP funds, the contract package is conventional. Send the contract package to the Fannie Mae Asset Manager for review and execution. Buyers using NSP funds are protected from overpaying for a property by the NSP guidelines which limit the amount that can be paid for a property to 99% of the Uniform Residential Appraisal (URA) value. If the URA necessitates a price adjustment, edit the offer with the price adjustment request. Message and attach a copy of the appraisal. The Public Entity Sales Team will review and determine whether the appraisal and corresponding adjustment is acceptable. The price may be amended to reflect the discount. Closing and funding occur like a normal residential transaction. Usually the total escrow period is a standard 45 days.

First Time Homebuyer Offers

In an effort to advance smart and sustainable homeownership and support an educated homebuyer base, HomePath launched the HomePath Ready Buyer™ initiative. Restrictions apply. Check www.homepath.com for full terms & conditions.

- Review the online offer submission carefully to check that the buyer is a first-time homebuyer and has completed the online education course.
- Check the offer package to ensure the course completion certificate is attached to package.
- Note the Offer Comments when submitting the offer and indicate the certificate is present.
- Ensure that section 38 of the Residential Real Estate Purchase And Sale Contract reflects the seller paid closing cost assistance for eligible buyers.

HECM assets are not eligible for the HomePath Ready Buyer initiative.

Submission Elements Required for All Offers

An offer is complete and ready for submission to Fannie Mae if the offer was received through the HomePath Online Offers system and the offer includes the signed and uploaded Fannie Mae Residential Real Estate Purchase And Sale Contract, the Owner Occupant Certification, and property ownership details (if applicable). Submit the offer into the system within one day of receipt. You are encouraged to provide a copy of Offer Preparation Tips for Selling Agents to assist agents with the Fannie Mae offer submission process. Familiarize yourself with this document and do not make requirements of agents that are inconsistent with it. Do not require additional verbiage or attach an addendum you prepared which is meant to explain or modify Fannie Mae terms. You can create conflicts and misunderstandings if you attempt to add terms and conditions already covered in the Residential Real Estate Purchase And Sale Contract.

Add to the Offer Comments any observations or issues with the offer, such as whether the closing date is a reasonable expectation.
Section 8: Managing Offers and Executing Contracts

Required Elements:

- A completed Fannie Mae Residential Real Estate Purchase And Sale Contract signed by all buyers. (Unless Fannie Mae has purchased appliances or other personal property following acquisition, do not include these items in the local or state contract.)
- Prequalification letter required before Fannie Mae can accept the offer, but not required for submission.
- An earnest money deposit as evidenced by amount populated in section 3b of the Residential Real Estate Purchase And Sale Contract (unless waived for public entities.) A copy of the check is not required for submission. The check or wired funds must only be deposited following receipt of the fully executed contract.
- Owner Occupant Certification Form if buyer intends to occupy property as a primary residence. This must be signed by the occupying buyer, selling agent, and listing agent. The listing agent’s signature verifies that any discovery of additional information has been reported to the Fannie Mae Asset Manager and does not indicate that the listing agent is verifying the validity of the buyer’s occupancy representation. Listing agents must include details about any knowledge of other properties owned and buyer’s motivation for occupying.

If the required elements are not supplied, assist the buyer or the agent with the missing forms. Do not submit as an offer in the offer system if the required elements are not present, (such as missing docs, docs not signed by buyer, an LLC or Inc selected as an owner occupant, etc.) Message your Asset Manager in Equator and note the details of the attempts to obtain all required forms. If an additional offer is received after an offer has already been accepted, reject and message the Asset Manager with the offer details and reason for rejection. Fannie Mae does not hold offers for backup negotiation.

Fannie Mae Residential Real Estate Purchase And Sale Contract

Due to the complexity of the contract, it is vital that the buyer reviews and signs it prior to your offer submission. Encourage the buyer to seek legal advice for explanation of the terms and conditions included to avoid misunderstandings or surprises at closing. As the agent, you must also familiarize yourself with the contract terms, and the role you play to ensure compliance with all contract terms.

If the offer is signed using a Power of Attorney (POA), confirm it is acceptable by the closing company or lender for transacting real estate.

If the offer is from an entity such as an LLC, Trust, or Corporation, then review the documents to determine the signor is authorized to transact real estate. Consult the closing company if unsure. Include the documents authorizing the real estate.

Fannie Mae pays only the commission and tax prorations unless otherwise agreed in Section 38. All other costs are the responsibility of the buyer. Fannie Mae is a congressionally chartered corporation and is exempt from realty transfer taxes pursuant to 12 U.S.C. 1723a(c) (2). If the state or municipality does not recognize this exemption, then it is the responsibility of the buyer to pay the cost.
Use the required verbiage described in this section in Section 38, so these items may be included provided all buyer obligations are shown in the Buyer’s section of the settlement statement. The lump sum credit by the Seller will then be shown on Seller’s portion of the settlement statement. Should a lender require completion of the settlement statement in an alternative manner, the lender will be contacted and told that the Fannie Mae Charter prohibits paying transfer tax and therefore, we cannot comply with their instructions.

The contract must **not** contain a provision that directly indicates the Seller will pay transfer tax, deed stamps, etc. Items paid outside of closing and marked as POC, such as buyer inspections, are not reimbursable to the buyer as part of closing costs.

Section 11f allows the buyer to select the escrow closing and title provider. If buyer selects the option to use the Seller’s escrow closing and title provider, Seller shall pay for the owner’s and lender’s title insurance. If buyer selects the option of a different provider, buyer shall bear the expense for all title insurance costs associated with the transaction, regardless of local custom, requirements or practice. **You must indicate the option selected when submitting the offer.**

Fannie Mae requires that you quantify all concessions paid on behalf of the buyer in Section 38 of the contract.

During the Pre-6MMTP, insert this into Section 38:

“The Seller must comply with HUD Guidelines 24 CFR 206.125”

**Utility Inspection Notification Form**

Used primarily for properties in the Pre-6MMTP but you may be directed to use it on some HECMs in the Post-6MMTP.

- Include the assigned HECM Field Services Company specific form during negotiations.
- The form must be part of the contract package sent for execution if Pre-6MMTP unless directed otherwise.
- The form is in the **Listing Agent Resources Directory** or click [https://www.homepath.com/content/pdf/vendorresources/HECM_Utility_Inspections.pdf](https://www.homepath.com/content/pdf/vendorresources/HECM_Utility_Inspections.pdf) for a copy.
- The Selling Agent must submit the **HECM Utility Inspection Appointment Request** form at least 48 hours prior to the requested appointment. The form is also available in the **Listing Agent Resources Directory**.

**Required Verbiage for Placement in Section 38 When Fannie Mae Agrees to Closing Concessions:**

- **Seller will contribute up to $_______ towards buyer closing costs, points, and prepaids. In the event that the buyer's lender restricts the allowable Seller contributions toward Buyer’s closing costs, Seller’s actual and total contribution shall be limited to the allowable amount.**
- If buyer selected their own settlement vendor in section 11f: **Seller will contribute up to $_______ towards buyer closing costs, points, and prepaids, excluding title insurance. In the**
Section 8: Managing Offers and Executing Contracts

...event that the buyer's lender restricts the allowable Seller contributions toward Buyer's closing costs, Seller's actual and total contribution shall be limited to the allowable amount... seller will perform repairs prior to closing not to exceed $______ in accordance with Section 8 of this contract.

All amounts in Section 38 must match the amounts entered into the system. If any changes are negotiated after contract execution, the required verbiage should be inserted in the amendment.

Please note: the Equator generated contract will contain the majority of Section 38 required verbiage; however, the section is editable to allow additions and deletions if needed.

Repair Credits

If we negotiate a repair credit in lieu of completing repairs and it is not intended as a closing cost credit, the credit must go directly to the buyer and will not be shown as payable to a contractor on the settlement statement. Fannie Mae will not participate in an escrow for repair credits. It is acceptable for the buyer and lender to agree to an escrow following closing.

Mortgage Prequalification Letter or Proof of Funds

Request a prequalification letter or proof of funds for cash sales prior to negotiating an offer. This identifies potential buyers who cannot qualify for the necessary financing. Prequalification includes, but is not limited to, review of:

- A credit bureau report for credit worthiness
- Recent bank statements for verification of sufficient funds for down payment and closing costs
- Most recent paycheck stubs for year-to-date income verification
- Maximum loan qualification based on monthly-income-to-debt ratios

Do not delay submission of an offer if there is no prequalification or proof of funds. If a buyer declines to supply a prequalification letter or proof of funds, note it in the Comments section of the Offer screen and set the prequalified flag to “No”.

Note: The Prequalification or Proof of Funds is required for acceptance and must be included with the contract package. The Proof of Funds must be from the buyer's own account for a cash sale. If the buyer is an entity, funds need to be from the entity account, not the company owner or authorized signor's.

The agent should not specify a preference for a specific lender when offering direct guidance to a buyer or in MLS comments.

Earnest Money Deposit

Unless otherwise stated, such as for public entities, an earnest money deposit is required. The amount populated in section 3b of the Residential Real Estate Purchase And Sale Contract is sufficient for contract submission. A copy of the check is not required with the contract package. The check or wired funds must only be deposited following receipt of the fully executed Agreement. It is your responsibility to make sure that the deposit is made and notify Fannie Mae immediately if the deposit is not made or funds insufficient.
When determining the appropriate earnest money deposit, consider the following criteria:

- The amount is reasonable and customary.
- Fannie Mae requires at least 10% (but not less than $1,000) as an earnest money payment on cash transactions. The funds must be from the buyer’s account.
- Fannie Mae waives earnest money payments for public entities and only requires $500 from owner occupants utilizing public funds.
- The earnest money deposit must be made payable to the Fannie Mae assigned Closing Company. If the Fannie Mae assigned Closing Company does not accept earnest money or is prohibited from doing so, then the deposit is made payable to the listing broker. The source of the Earnest Money must be the buyer.
- The earnest money is only deposited with a contract fully executed by all parties in accordance to applicable law. Fannie Mae does not require certified funds or wired funds for the earnest money deposit, but the closing company may make that a requirement. It is your responsibility to confirm the deposit was made in compliance with Fannie Mae requirements.

Electronic Signatures

An electronic signature is meant to be the equivalent of a handwritten signature. For that to be secure, the “signature” needs to be unique and under the sole control of the individual applying the signature. It is that reason that just typing a name or initials on a document would not be an acceptable electronic signature since it could be done by anyone. The electronic signature and initials must identify the technology source.

There are many companies offering services that secure the electronic signature. We have no preference for company selection and only require that the electronic signature comply with the Electronic Records and Signatures in Commerce Act (ESIGN) and that the document reflect a simulated written signature or other method that identifies the signature or initials as being under the control of the owner.

Do not reject an offer or contract document based on the appearance of a typed font and nothing else. Inquire first to determine if there’s an underlying authentication that isn’t obviously visible or a page is missing that cites the authentication source. Do not submit the offer unless the electronic signature authentication is visible on the documents. Scanning a document may “flatten” the technology source so check before submitting.

Special Handling: Multiple Offers

A multiple offer situation may exist when you receive more than one offer on an actively listed property. When you receive multiple offers, notify all parties that a multiple offer situation exists by initiating a Multiple Offer Round in HomePath Online Offers.

Note: Complete offers received the first 3 days of listing must be entered into the system for rejection by the Asset Manager. Do not initiate a Multiple Offer Round in HomePath Online Offers until the property has been in MLS for 3 days. If an offer is entered and rejected, notify the agent to resubmit when the property is eligible for negotiation. Do not invite
eligible investors to participate in the Multiple Offer process during the First Look marketing period. Enter the offer and do not flag as a Multiple Offer. It will be rejected.

Once notified, all selling agents should present complete highest and best offers by the date and time you specify.

When the deadline passes, enter all offers into Equator, answering “yes” for multiple offers and enter the total number of offers as you enter each offer. After entering the offers, refresh your tasks to reveal the Multiple Offer Procedure task. Review the task guideline and answer “No” for multiple offers.

If a response to the Multiple Offer Notification sent through HomePath Online Offers was not received, enter the offer in as initially presented and note that no response received after attempting contact with the agent to determine buyer’s intent. Flag the offer as a multiple offer.

All offer information is confidential. Do not share the details of offers with anyone. Upon closing, the sale information should be entered into MLS. The information for the closed sale is then a matter of public record.

If you receive an additional offer while an offer is in negotiation or after the multiple offer deadline passes or while awaiting approval on a submitted offer, submit the additional offer. Message the Asset Manager for a decision on whether to continue negotiations or place all in a multiple offer round.

Fannie Mae reserves the right to discontinue negotiations at any time. A buyer may be placed into a Multiple Offer round where they will be asked to compete with other potential buyers, even if negotiations had already begun. Contact the selling agent when you see that a counter was accepted by the buyer and let the agent know immediately that you still have to present the offer to Fannie Mae to determine if the offer is materially sufficient. Regardless of the status of the negotiations in the Online Offer system, per the terms of the Agreement, all offers are subject to Fannie Mae approval. Let the selling agent know you will contact them with the response as soon as you get it back from Fannie Mae.

If an additional offer is received after an offer has already been accepted (pending status in Equator), reject and message the Asset Manager with the offer details and reason for rejection. Fannie Mae does not hold offers for backup negotiation.

The Fannie Mae Asset Manager will let you know whether Fannie Mae is going to follow or extend the multiple offer process or proceed with the current sale awaiting approval.

Once the Fannie Mae Asset Manager notifies you of Fannie Mae’s decision, you then notify the selling agent(s) of Fannie Mae’s decision.

Note: An offer received that does not have a specific sales price is not eligible for submission. An example is an offer that indicates the buyer is offering “$XXXX” above the highest offer received. Contact the agent and explain that the offer must be resubmitted with a specific price in order to be considered.
Section 8: Managing Offers and Executing Contracts

Responding to Offers Following the Expiration of First Look

Regardless of buyer type, consideration is given to Best Price, Terms, including concessions, financing contingencies and a timely closing date. Fannie Mae has a strong preference for owner occupants as evidenced by our commitment to First Look. Following First Look, the preference is still for owner occupants where there is a reasonable expectation that the price, terms, and selected payment method will result in a timely closing. It is at the sole discretion of Fannie Mae to determine which offer is the best offer for negotiation in a multiple offer situation. Review the previous instructions for offers received the last day of First Look.

Communicating and Responding to Offers

Fannie Mae’s goal is to sell REO properties in a timely manner with a focus on maximizing value, so we consider every eligible offer before responding. You must submit ALL complete offers received through HomePath Offers Online within one day of receipt, even if the offer is submitted by you or someone else in your company. If not received through HomePath Online Offers, instruct the selling agent on the submission process and provide the instructions found at http://www.homepath.com/offerQuestion.html. If the offer is complete and is not eligible, such as an offer with a contingency subject to the sale of another home or an investor during First Look, submit the offer and it will be rejected.

You must submit ALL seller responses within one day of receipt. Timely communication with all parties to the real estate sales transaction is critical because it ensures fairness to potential buyers and minimizes liability for you and Fannie Mae.

Listing agents should understand that Fannie Mae:

- Expects that you have the Residential Real Estate Purchase And Sale Contract and Owner Certification (if applicable) signed by the buyer prior to submission of the offer for negotiation.
- Expects that if the buyer is an LLC, corporation, or trust, you entered the authorized signor(s) names in the initial offer comments and the signed documents reflect the buyer type as Investor. An offer from an LLC, corporation, or trust received as an owner occupant should be deemed incomplete until the signed documents are resubmitted. An exception to this rule is a trust established on behalf of an individual who will reside in the home. In that situation, as long as the signor for the trust is willing to execute the Owner Occupant Certification (OOC), we will consider it an owner occupant deal. Document all incomplete offers in messaging and indicate the instruction given to the selling agent for correction.
- Expects you to review buyer names and alert Fannie Mae if the buyer is the former owner or related to or affiliated with the former owner.
- Expects that you provided the Offer Preparation Tips for Selling Agents through MLS or at the time an agent contacts you for offer instructions.
- Expects that you accurately enter complete selling agent and buyer information fields when submitting the offer into the system. When entering the address of a buyer with a foreign address, enter the country in this format: 123 Rio Bravo (Canada) and select the state where the property is located for the state required input. Put in the actual city for the city input. A selling agent that is affiliated with the listing brokerage within the same office or at another site must be entered as an In-house offer.
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- Expects that you have made the selling agent aware that commission is only earned upon a successful closing.
- Expects that you have included the selling agent’s request for any offered bonus in the Offer Comments with the initial offer and included the Bonus Notification form with the contract package, if accepted. If not requested in the initial offer, the selling agent will not be eligible for the bonus and the bonus will not be paid if the agent fails to review the settlement statement prior to closing to make sure the bonus is included.
- Does not require financing prequalification or proof of funds for offer submission.
- Expects that you populate the lender information fields at offer submission if a prequalification was received, or that you edit the offer to add when received.
- Will not accept a contingency for the buyer to participate in an IRS Section 1031 exchange. If the buyer elects to participate in a 1031 exchange, Fannie Mae will not execute any specific documents required for this process or pay any associated costs.
- Will not accept a contingency subject to the sale of another home. If the buyer has a property under contract, Fannie Mae may enter into negotiations but still will not accept a contingency. The buyer may be required to put up substantial nonrefundable earnest money with no mortgage contingency.
- In compliance with state and local law, Listing Agents have a responsibility to disclose in writing any known existing issue(s) which could potentially impact a buyer’s decision to purchase, even in those states where Fannie Mae is exempt from completing a property condition disclosure form. Information requiring disclosure may include, but is not limited to, property inspections/reports, environmental remediation and testing, governmental notices, and any other documents indicating issues relevant to the purchase and ownership of the property. Retain documented proof that the buyer received a copy of any disclosed information.
- Expects you to indicate in the offer comments if you are aware that the buyer has not personally inspected the property.
- Expects a timely response to all parties throughout the offer process.
- Expects all inspections be performed at the buyer’s expense.
  
  **Note:** Do not accept inspection reports from buyers or selling agents. Reply back with a “Discarded without Reading” note and instruct the agent to submit any specific requests on an Amendment Form. Fannie Mae will ask for reports if needed.
- **Expects all offers to be subject to Fannie Mae approval, even if the buyer “submits with no changes” in response to the Fannie Mae counter in HomePath Online Offers.** In Equator, select “Counter With No Changes” only if there are no edits to the last counter. Do not indicate to anyone that the offer is accepted until Fannie Mae reviews the offer and changes the status to indicate the offer is in pending status in Equator. At that time, you may indicate the offer is deemed sufficient for acceptance, subject to the receipt and execution of the contract package. An offer is not considered accepted until the status changes to Pending in Equator. If you receive a complete offer while an offer is awaiting approval, you must submit it and contact the Asset Manager immediately.
- Expects that you communicate rejections within one day of receipt and that you do not explain or offer a reason for rejection.
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- All counters submitted must use the HomePath Online Offers system.
- Enter all offer responses within one day of receipt. If the offer is complete and is not eligible, such as an offer with a contingency subject to the sale of another home or an investor during First Look, submit the offer and it will be rejected.

**Note:** Include all details in the Offer Comments to clarify all terms and amounts for consideration, including buyer's title choice found in Section 11(f). Note the First Look status and number of days remaining in First Look by going to [www.homepath.com](http://www.homepath.com). Do not submit an offer if the Residential Real Estate Purchase And Sale Contract is not completed and signed.

### Possible Offer Statuses – Equator

Check the Offer Dashboard to verify the status of a submitted offer. Here are the status meanings:

<table>
<thead>
<tr>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>You submitted a new offer that hasn’t yet been reviewed by Fannie Mae.</td>
</tr>
<tr>
<td>Negotiating</td>
<td>There is a counter offer awaiting a response.</td>
</tr>
<tr>
<td>Rejected</td>
<td>Fannie Mae rejected the offer.</td>
</tr>
<tr>
<td>Rejected - Withdrawn</td>
<td>The buyer has withdrawn the offer.</td>
</tr>
<tr>
<td>Fall Through</td>
<td>Fannie Mae rejected a previously Accepted offer.</td>
</tr>
<tr>
<td>Held</td>
<td>Fannie Mae has put the offer on hold or an offer is currently going through the approval process.</td>
</tr>
<tr>
<td>Accepted</td>
<td>Fannie Mae has accepted the offer.</td>
</tr>
</tbody>
</table>

### Executing the Contract

Fannie Mae considers contract execution a critical function.

**Critical Function #7: Manage Contract**

*Executing a contract requires minute attention to detail, completeness, and accuracy to ensure a smooth closing on the property. Your Contract Package must meet Fannie*
Once negotiations are complete, and the status in Equator changes to pending, you will be tasked to **Send Signed Contract. Only when this task is triggered, and the status has changed to Pending in Equator is the offer considered to be accepted.** At that time, send a copy of the HomePath **Homebuyer Closing Checklist** to the selling agent with instructions to provide it to the buyer. The **Send Signed Contracts** task creates the Residential Real Estate Purchase And Sale Contract based on the final negotiated terms and auto-populates some of the details from the approved offer. You may need to make additions to Section 38. All documents must be legible and reflect the final negotiated terms with no mark-outs or changes. Fannie Mae will not execute counter offer forms, or the Fannie Mae Amendment form attached to an unexecuted Contract Package.

Use the following guidelines when submitting a contract for execution:

- Ensure all executed documents are legible.
- List the seller’s name on the contract for a Fannie Mae-owned property as, “Fannie Mae.” Do not use “FNMA” or “Federal National Mortgage Association.” You may use “Fannie Mae a/k/a Federal National Mortgage Association” if required by the attorney.
- Include the Fannie Mae Residential Real Estate Purchase And Sale Contract with every contract package. (Utilize the **Contract Package Job Aid** for more details.)
- **Fannie Mae will not accept “and/or assigns” or “and/or nominee” language in the contract.**
- If the home was built prior to 1978, you must provide the buyer with the EPA pamphlet entitled, **“Protect Your Family from Lead in Your Home.”** The buyer and the listing agent must initial, sign, and date the Fannie Mae Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards Form. If the selling agent provided the pamphlet, the selling agent signs also.
- Match all terms of the sale with the offer detail in the system and verify the address on the contract matches the address provided by Fannie Mae. Pay particular attention to exact dollar amounts for repairs and closing costs. Do not submit the contract for signature until all discrepancies are resolved.
- All of the Fannie Mae forms necessary for executing a Contract Package are available in the Lender Files in the Equator library.

If you have questions or concerns about the contract process, contact the Fannie Mae Asset Manager for assistance. In those states where the attorney assigned by Fannie Mae prepares the contract, the contract form prepared by the attorney is acceptable in lieu of a local board or state contract form.

**Contract Package**

To prepare for a smooth closing, your Contract Package must meet Fannie Mae’s requirements, as well as follow all laws and legal requirements. It is recommended that you check over your contract package very carefully before you submit it to avoid rejections and unnecessary delays in proceeding with the sale. Upload the Contract Package to the Fannie Mae Asset Manager within 5 days of the status changing to pending. If the contract is delayed, message the Fannie Mae Asset Manager and provide the reason(s) for delay. The Residential Real Estate Purchase And Sale Contract and other Fannie Mae forms must:
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- Be complete and accurate. This includes making sure all required signature lines, initial lines and date lines are executed.
- Be legible with no mark outs or changes in any of the documents unless specifically directed. (This includes no evidence of “white out” of terms, either manually or digitally.)
- Be executed by all parties.
- Include the correct property address that matches the address in Equator - abbreviations do not have to be spelled out to consider the address as “matching”
- Include the correct buyer Name(s) and match to the system. If the buyer is an LLC, trust, corporation or other entity, include the documents that name the authorized party/parties to transact real estate. If a buyer has a designated Power of Attorney (POA) who signed the contract, include the POA documents. The documents provided must indicate the name(s) of the authorized parties to transact real estate purchases. The signature must include the entity and signor name both printed and then the authorized signatory. The entity is the buyer, not the person authorized to sign. Here are two examples:
  
  John Smith, member
  John Smith, XYZ, LLC
  By John Smith

- Include the correct seller Name.
- Match the Offer details in Equator.
- You may encounter buyers that are not using common financing types, such as FHA, VA, Conventional, or 203K. In these situations, determine if the offer financing should be classified as “Other” in the Equator submission and subsequent contract package. (If you do not see the financing type listed in Equator, chances are it fits this category.) Examples of “Other” financing include: Conventional Rehab, Line of Credit, 401k Withdraw, USDA, and Hard Money loans. If you are unsure which financing type to select, contact your Asset Manager prior to submission.

- Show the exact dollar amount, limited to a defined amount, for total closing costs or repairs using the required verbiage.
- Show properly executed signature lines. A buyer’s “signature” may differ from the name on the contract, such as the contract name shows “Mary A Homebuyer” while the signature is just “Mary Homebuyer”. When reviewing signatures for purchases by an entity, other than a natural person, be sure the buyer signs according to the document authorizing real estate transactions. Examples: Jane A Smith, as attorney in fact for Richard B Smith or ABC, LLC by Richard Jones, limited partner (or designated title).
- Reflect no changes to the pre-printed portion of the Residential Real Estate Purchase And Sale Contract.
- Follow all other real estate licensure guidelines for completing these executable documents and supplying required disclosures.
- Include Fannie Mae’s version of the Lead-Based Paint Disclosure, if property built prior to 1978.
- The VA Loan Addendum to the Purchase Contract must be included with the contract package on VA sales. Do not wait for the lender to ask for this. Do not include other VA amendments with the contract package, such as those that cover contingencies, inspections, and repairs.
• Do not include the FHA amendatory language for FHA 203(b) sales- Fannie Mae has received an exemption from HUD. If the lender makes demands for the execution of this form, refer the lender to the exemption in the HUD Handbook 4000.1.
  o The requirement for the FHA certification clause is met in Section 29 of the Residential Real Estate Purchase And Sale Contract. There is also a certification at closing and that is executed by the closing company via their Power of Attorney.
  o Fannie Mae is not exempt from executing FHA required verbiage on FHA 203(k) transactions and this language will be required in either the contract, Section 38 of the Residential Real Estate Purchase And Sale Contract, or other addendum or amendment (if discovered after initial execution and not included in the original contract package):
    “Borrower has applied for Section 203(k) financing and the contract is contingent upon mortgage approval and the Borrower’s acceptance of additional required improvements as determined by the lender”.

• Include the prequalification letter for financed sales or proof of funds on a cash sale. **Note:** Mark Through account numbers before attaching.
• Include the appropriate NSP supplement, if applicable.
• Include the Owner Occupant Certification (OOC) form, if applicable. In situations where one buyer will occupy and another buyer will not occupy, only the buyer with the intent to occupy signs the OOC.
• If the buyer is a non-Owner Occupant, this verbiage must be included in Section 38 of the Residential Real Estate Purchase And Sale Contract:
  o “Purchaser further agrees that it will not enter into any contract for deed or lease with option to purchase agreements regarding the Property, unless Purchaser is a non-profit organization or has obtained Fannie Mae’s prior written consent. Purchaser acknowledges that, in addition to any other remedy available to Fannie Mae, any violation of this agreement may result in Fannie Mae refusing to sell additional REO properties to Purchaser and/or its affiliates.”

• Include agency disclosures.
• Include any affiliate disclosures.
• Include the HomePath Ready Buyer certificate, if applicable.
• Include the Selling Broker Bonus Notification form if a selling agent bonus was included. The form is located in the Listing Agent Resources Directory in the Equator library. This form notifies the selling agent of the responsibility to make sure the bonus is on the settlement statement or it will not be paid.
• Do not include property condition or mortgage financing addenda which duplicate or conflict with the Residential Real Estate Purchase And Sale Contract.
• If you have been told that certain forms will not be signed, do not include those in the contract package. The removal of those forms should have been covered during negotiations.

When all documents are gathered and scanned as one file, complete the Send Signed Contracts task and upload the file. It is helpful to identify the file by naming it in accordance to the offer number.

**Example:** Contract offer number 3.
Note: All terms and conditions must match the accepted terms on the Offer screen. Unspecified dollar amounts for repairs or closing costs are never permitted. Make no changes or alterations of any kind after acceptance.

The Fannie Mae Asset Manager completes the **Review and Execute Contracts** task within two business days, for delivery to you and the settlement agent. Distribute the contract to all other parties including the buyer’s settlement agent, if the seller’s settlement agent is different.

Retain any original documents, signed and initialed modification documents, and copies of electronic documents that demonstrate the final, fully-executed agreement.

**Contract Rejections**

If you receive a contract rejection, you must not substitute corrected pages in the previously signed contract. A NEW contract must be prepared along with any other required document changes. Previously signed addenda that do not require changes, such as the Owner Occupant Certification, agency disclosure, lead paint disclosure, or other approved addenda may be inserted into the new contract package. You also must not modify previously signed documents-prepare new ones for signature.

Following these instructions will prevent additional rejections and delays. Contact your Asset Manager prior to submitting a contract package if you have any questions about the documents.

**Contractual Repairs**

All contractual repairs must be bid, submitted, and approved following the procedures explained in **Section 6: Managing the Bid and Repair Process**. Do not commence repairs until you receive the Repair Authorization Form 1093.

Complete all repairs prior to closing. In lieu of repairs completed prior to closing, a repair credit may be negotiated if the arrangement is acceptable to the buyer and the buyer’s lender.

**Note:** Reimbursement for repair expenses should follow the 1093 process and therefore must not be paid on the settlement statement. Final utility bills are not permitted on the settlement statement. You must bring current all utilities and current utility bills will not be payable on the settlement statement.

**Earnest Money**

Deposit the earnest money within two calendar days of receipt of a fully-executed contract or as required by applicable law. The buyer may wire funds to satisfy this requirement. The source of the earnest money must be the buyer on the contract. Earnest money funds supplied by an individual or entity other than the buyer named on the contract are not acceptable. Accepting funds from an individual or entity other than the buyer presents issues with termination and the subsequent release of earnest money.
Section 8: Managing Offers and Executing Contracts

Make sure to deposit the earnest money with the Fannie Mae assigned Closing Company. If the Fannie Mae assigned Closing Company is not permitted to hold the earnest money or does not accept earnest money deposits, the listing agent deposits it into the brokerage’s company trust account (provide proof of the deposit to the assigned Closing Company). Regardless of local custom, selling agents are not permitted to deposit the earnest money, unless the listing and selling agency are the same company and the Fannie Mae assigned Closing Company does not accept earnest money. The listing agent must confirm with the Fannie Mae assigned Closing Company whether it will accept the earnest money. It is your responsibility to confirm all deposits are made as required.

If a stop payment or an insufficient funds notice arrives after the deposit, notify Fannie Mae immediately. Any earnest monies remitted to Fannie Mae should be directed to the address below. On the front of the check, include the 10-digit loan number and note Receipt Type 370. Do not submit any other forms or letters with the check.

Fannie Mae
REO Accounting
P.O. Box 277672
Atlanta, GA 30384-7672

Renegotiating Contracts

Amendments

Changes to the settlement date, sales price, repairs, or other terms of an already executed contract require a Fannie Mae Amendment Form signed by all parties.

Changes that impact net sales proceeds may require additional approvals beyond the Fannie Mae Asset Manager approvals. If this happens, the property reverts to pending-renegotiation until accepted. Here are the guidelines to follow for using Amendments:

- When the Fannie Mae Asset Manager approves changes to the offer, you will be tasked to Send Signed Amendment. Ensure all information is correct on the form and print. Obtain buyer signatures prior to sending to the Fannie Mae Asset Manager. Once the buyer has signed, you will upload the document into the Send Signed Amendment task. Once fully executed by Fannie Mae, a copy is sent to you and the Closing Company.

- There are instances in Equator where the offer terms remain the same, yet Amendment tasking is triggered. If this occurs, simply upload a copy of the most recent fully executed document (contract or amendment depending on the offer) to reiterate the current terms of the offer. Do not execute an amendment with the buyer that states there were "no changes to the terms."
• If a change occurs, and the contract is not yet executed, edit the offer which will then require a new Contract Package. You cannot use an Amendment to make the change unless the contract package was fully executed. You may remove a buyer from the Contract using an Amendment. Adding a new buyer requires a new Contract Package and must be approved by the Fannie Mae Asset Manager. To avoid unnecessary closing delays, make sure the name(s) are spelled correctly. If modification of the buyer(s) name is necessary, only the Asset Manager can edit the offer. Message the Asset Manager if this is required. After acceptance, you will be tasked to prepare an amendment but will substitute the new contract package instead if a buyer was added. If an initial or typographical error is being corrected, an amendment is adequate to make the change.

• You will be tasked weekly with Is Closing on Schedule. Do not allow a contract to expire without a fully executed Amendment by all parties because the contract is a “time is of the essence” agreement that has no automatic extensions. When completing the Amendment form, the date on the top of the form represents the date of the agreement to extend. Neither the buyer nor the seller’s signatures should have additional dates.

• Is Closing on Schedule is only used for closing date extensions. If other terms require modification, answer “yes” to Is Closing and Schedule so that an amendment is not triggered. Then immediately edit the offer, modifying all applicable terms.
Situations Requiring an Amendment

Finance Contingency Dates

The date in Section 5 of the Residential Real Estate Purchase And Sale Contract indicates the date the purchaser must have loan approval, or the Contract may be terminated.

You must follow up in advance of the Section 5 date to find out whether the loan approval is likely by that date.

If it is unlikely, and the buyer wants to extend, notify and provide the Fannie Mae Asset Manager with the situation details, and your recommendation for accepting or declining based on that information. If the Fannie Mae Asset Manager agrees to extend, contact the selling agent, and prepare the Amendment for buyer and seller execution. As a condition to extend, Fannie Mae may direct you to present the Amendment and request additional non-refundable earnest money.

If Fannie Mae declines to extend, the action in Equator is to select “Withdrawn” you will be asked to prepare the Termination Form.

Settlement Date Extension

You must also follow up in advance of the Settlement date expiration. The Fannie Mae Residential Real Estate Purchase And Sale Contract is a “time is of the essence” agreement and does not allow for Amendments after a contract expires. The requirement remains to have an amendment to extend the closing date executed on or before the current closing expiration date. However, to accommodate expediency, Fannie Mae will not require a new contract if:

- The Agreement is expired for less than 3 days from the date the buyer executes the Amendment.
- The new closing date extension is for no more than 7 days from the previous closing date.

**Note:** Fannie Mae expects that you will continue to make every effort to obtain the buyer executed Amendment on or before the current closing expiration date. It is considered an agent performance issue if an Agreement expires without an Amendment executed on or before the closing expiration date, even if an exception within the above criteria is approved.

Initiate an Amendment prior to expiration if the intent is to extend rather than terminate by completing the Is Closing on Schedule task. If other terms require modification, then complete this task and indicate closing is on schedule. Then edit the offer to include the closing date change and other terms requiring modification.

Credit in Lieu of Repairs

Fannie Mae and the buyer may agree to a credit at closing in lieu of repairs being completed prior to settlement. Edit the offer and combine the amount for this credit with any other previously agreed Seller Paid Buyer Expenses. The credit will go to the buyer and cannot be shown as a credit to a contractor. The lender can also require an escrow for the credit, but Fannie Mae will not participate in any escrow agreement.
Negotiating Inspection-Related or Lender-Required Repairs after Offer Acceptance

Unless negotiated and specified in the executed agreement, any lender-required or inspection-related repair requests constitutes a change in contractual terms and opens up all terms for renegotiation. Edit the offer to communicate requested repairs by populating the Contract Negotiated Repairs Amount field with the estimated cost of the repairs and provide a detailed explanation in the Contract Negotiated Repairs Description field. It is important that the repairs not exceed this amount in order to avoid further amending the Agreement. After acceptance, you will be tasked with obtaining bids in alignment with the Repair Process and the Scope Repairs (Agent) task is triggered.

The Fannie Mae Asset Manager may choose to accept the changes, or to negotiate using methods such as an increase in the purchase price of the property to offset the repair, or by modifying other concessions.

The Fannie Mae Asset Manager may also reject the request for contract changes. The buyer may elect to proceed under the original terms provided in the contract, if the contract has not expired. The Fannie Mae Asset Manager may direct termination if mutual agreement on changes is not reached.

Contract Negotiated Repairs and Updating the Offer

In an effort to make sure you understand the process for contract repairs, review the following FAQ:

If we agree to turn on the water for an inspection or if there are plumbing repairs to get the water on while under contract: do those count as contract negotiated repairs?

If we are marketing "As Is" and the utilities were never turned on, then why would you now expect Fannie Mae to pay for repairs to turn on utilities? If a buyer will expect an inspection, then prepare the property and get utilities on / repairs done pre-marketing with the approval of your Asset Manager. Edit the Offer if the expense is greater than $500 and requires a 1093. If minor, and eligible for expense reimbursement, submit for pre-approval.

If a specific dollar amount of repairs is agreed upon during offer negotiations and the repair bid(s) comes in under that, do I have to edit the offer?

No need to edit offer. However, if the repairs exceed the amount in the contract negotiated repairs field, you do need to edit the offer, so the true total is reflected.

Is it recommended to negotiate a specific amount of repairs in the contract?

When negotiating an offer, it is recommended that the Asset Managers counter out a firm dollar amount for repairs because the Scope Repairs (Agent) task will immediately trigger and there is no way for you to complete it timely because the contract isn’t signed, and the inspection period hasn’t even started. It doesn’t matter what we negotiate, after inspections the buyer is likely to attempt renegotiation anyway. The exception would be to include repairs that you know we intend to do and are detailed in section 38 with a "not to exceed" price. Example, the property needs a stove, but it was decided not to place that in the property until sold so remind the Asset Manager to include the cost of the stove if it has been represented that the stove is included and a 1093 not previously created.
If the buyer requests repairs after an inspection or there are lender required repairs, should we obtain bids first or edit the offer first?

The offer should be edited to include a "not to exceed" amount for repairs. If unable to estimate the cost of the repairs, obtaining a bid up front is only for the purpose of negotiating the "not to exceed" amount. Keep in mind that when the Scope Repairs (Agent) task triggers, if located in a SAM area and the repair is not a specialty repair, a SAM will be requested to bid the work, even if you obtained a bid from a different contractor. If the bid was obtained from a SAM and a different SAM receives the bid request, contact your Asset Manager and request a manual assignment.

How do I handle Change Orders and New Repairs not asked for by buyer and the buyer is not aware?

Keep in mind that even if we choose to do additional repairs due to an event unknown to the buyer, the buyer should be notified of the material facts (and the amendment is a solid way to do that). Example: property vandalized, and we fix the vandalism. Buyer moves in and finds out from neighbor that the property had vandalism. There is risk for litigation that buyer could say we withheld material facts that would have resulted in their withdrawal from the sale because they no longer feel safe. Another example would be the discovery of any damage. That's another material fact that the buyer needs to know. Edit the offer and the Amendment will be created upon acceptance.

If we are agreeing to a price increase and completing the repairs, do I edit the offer and increase the price and still have the repair amount in the contract negotiated repairs field?

Yes, the system should always reflect all details of the offer terms and conditions.

Terminating Contracts

In the event that either party terminates the contract, both parties must complete the Fannie Mae Notice of Termination Form. If the buyer refuses to complete the form, contact the Fannie Mae Asset Manager for the next steps.

The guidelines for terminating a contract are:

- Withdraw the offer to start the termination process. You will be required to pick a reason for the fall through from a list of reasons.

- If the Fall Through is the result of a buyer withdrawing during their inspection period or the loan is declining during the financing contingency period, the termination will be prepared based on a return of the earnest money to the purchaser. If the reason is other than that, the Fannie Mae Asset Manager tells you if the Notice of Termination Form should specify whether to return the earnest money to Fannie Mae or the buyer.

- When the Asset Manager confirms the Fall Through, the Asset Manager is tasked to fill out the termination form. Once this is completed, you will receive the Return Notice of Termination task where you will download the form, have the buyer sign, and upload to complete. If the buyer will not sign the termination, note that on the document and upload to complete the task.
If the buyer is requesting return of the Earnest Money, message the any supporting information to confirm proper termination, such as a copy of the loan denial if terminated due to the financing contingency period.

When a sale falls through, the property returns to Available status. Make sure to return the listing to active status in MLS, and then resume all marketing efforts, unless termination was due to an issue that requires a move to Do Not Market status. If the property is expected to return to the market, do not indicate that any previous buyers have a first right to purchase again.

If the sale was accepted during the First Look Marketing Period, the countdown clock on homepath.com will restart for 10 days (15 days in Nevada) unless there was a previous sale fall through.

HECM properties are not subject to First Look.

Helpful Tips for Certain Equator Offer Processes

Cancelling an Offer

- You may withdraw an offer without a seller response prior to acceptance, but you will be required to select a reason for the fall through.
- Offers that are in Held for Review status or are already inactive (in Rejected or Fall Through status) will not be able to be withdrawn.
- If an offer has been accepted and is withdrawn, the Asset Manager will need to confirm the fall through before the property status returns to Available.
- If a buyer resubmits an inactive offer (Rejected or Fall Through), you may “copy” the offer and update any applicable fields such as the closing date.

Tasking for Contracts and Amendments

- Contracts and amendments must be sent via tasking. Do NOT send these through messages to your Asset Manager.

Amending an Offer/Editing an Accepted Offer

- Edit the accepted offer terms (sales price, closing cost, repair request, etc.). Use Offer Comments to explain the reason for the change.
- Any edit will trigger a task for your Asset Manager to review. If accepted, the amendment process starts.
- To change ONLY the closing date, complete the “Is Closing on Schedule?” task. If one is not already open, you may ad hoc it. See below for more detail.
- As noted in the Repairs section of this Guide, if the buyer is requesting repairs, you will edit the offer with an estimated dollar amount in the Contract Negotiated Repairs Amount field in the Offer screen. When the Asset Manager accepts the new terms, the system will trigger the Scope Repairs (Agent) task to you.
Section 8: Managing Offers and Executing Contracts

- If a reduction of sales price is requested in lieu of repairs, do NOT edit the offer until directed to do so by your Asset Manager. You may be asked to first ad hoc a **Scope Repairs (Agent)** task to obtain bids to verify actual repair costs.
- A change in buyer name can only be edited by the Asset Manager and if a buyer is added, a new contract package will be required.
- If editing an offer for inclusion of a missed agent bonus, upload a copy of the Bonus Notification form to clear the amendment tasking.

**Price Adjustment Due to Lower Lender Appraisal**

If there are price adjustments due to lower lender appraisal:

- Edit the offer with the requested price reduction and note in Offer Comments that the reduction is due to the appraisal.
- Immediately message your Asset Manager via Equator with a copy of the appraisal.

**“Is Closing on Schedule?” Task**

- The system triggers this task every seven days after the contracts are executed.
- Answer all task questions to provide details as to whether the buyer is still on track to close and insert any additional information in the Comments field. (Equator will carryover your answers from the previous task.)
- If you answer “no”, you will be required to enter the Amended Closing Date. This task completed with a “no” will trigger an approval task to the Asset Manager, which will, in turn, trigger tasks to complete an amendment.
- If you need to extend a closing date when this task is NOT open, trigger it via ad hoc and explain the reason in the Comments field. Your Asset Manager will review and approve or decline. Once approved, the amendment process will begin.
- Your Asset Manager may also ad hoc this task to you for a closing update.
- This task is to be used ONLY for closing updates, and not for other offer term changes. If other offer terms require modification in addition to the closing date, answer “Yes” for **Is Closing on Schedule** and then edit the offer.
Section 9: Closing the Sale
Section 9: Closing the Sale

Overview
As a settlement date approaches, monitor the sales status to avoid potential last-minute complications that may lead to a closing delay or sale termination. This section will help you prepare for smooth closings by guiding you through Fannie Mae’s processes.

Critical Function #8: Facilitate Timely Closing

Early preparation for closing saves everyone time and helps to avoid potential delays or mishaps at the closing table. It is your responsibility to monitor the progress of the sale through to closing and to regularly report the status to your Fannie Mae Asset Manager.

Pre-Closing Preparation
Early preparation for closing saves everyone time and helps avoid potential delays or mishaps at the closing table. It is your responsibility to monitor the progress of the sale through closing, and to regularly report the status to the Fannie Mae Asset Manager by completing the weekly Is Closing on Schedule task. Use the guidelines below to prepare for closing:

- Make sure Homeowner’s Association contact information is provided to the respective title company as soon as possible.
- Send the Fannie Mae Asset Manager a projected number of all anticipated property closings 5 days prior to the last business day of each month or send as directed by the Fannie Mae Asset Manager.
- Submit repair bids for approval, even if they are part of the contract. You may not circumvent the Repair Process for closing repairs. Confirm that all approved repairs are authorized and completed before closing. Purchasers are not allowed to enter the property, perform repairs, or authorize third-party vendors to perform repairs prior to closing.
- Disallow any form of occupancy or possession before closing and funding occur except when the current occupant is the person buying the property.
- Prohibit the seller’s funds from being held in escrow.
- Work with the Fannie Mae Asset Manager, at the time of property assignment, to clear title issues if they are present.
- Make sure the settlement agent is prepared and ready for the closing.
- Confirm that all relevant parties have copies of all forms, addenda, etc., before the closing, and that all documents are properly executed.
- Confirm that the $125 Technology Fee assessed to the listing agent appears on the settlement statement at closing. This fee applies to all properties with a sale price greater than or equal to $65,000. There will not be a technology fee assessed on properties with a sale price lower than this threshold, so all brokers will receive AT LEAST the minimum listing broker commission of $1,500.
- Preview critical documents prior to closing and handle any potential problems ahead of the settlement date. Keep the Fannie Mae Asset Manager informed routinely.
Section 9: Closing the Sale

- Obtain rent information from Property Management Company for prorations and a copy of the fully executed lease to provide at closing to the buyer.
- Do not submit repair and utility bills for Fannie Mae payment out of the Seller’s proceeds. Refer to Section 5: Listing Agent Reimbursement Process for instructions.
- The buyer must sign the Waiver and Release Regarding Property Condition, and the Tax Proration Agreement forms at closing. Forward a copy of the fully executed settlement statement, and Waiver and Release Regarding Property Condition form to the Fannie Mae Asset Manager upon closing, unless you are otherwise directed.
- Maintain a copy of the Waiver and Release Regarding Property Condition form in your property file.
- Verify that all repairs are completed prior to the settlement date. The closing is extended until all repairs are complete.
- Keep the property expenses current and paid through the settlement date.
- Keep the utility bills paid in a timely manner.
- Note in the system when the property closes.

Closing Process

The following table lists the key functions performed in each phase of the closing process.

<table>
<thead>
<tr>
<th>Table 21: Overview of the Closing Process</th>
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</thead>
<tbody>
<tr>
<td><strong>Closing Process</strong></td>
</tr>
<tr>
<td><strong>Agent Preparation</strong></td>
</tr>
<tr>
<td>• Provides copies of executed documents to all parties.</td>
</tr>
<tr>
<td>• Obtain amendments if necessary.</td>
</tr>
<tr>
<td>• Terminate services upon closing and request final utility bills.</td>
</tr>
</tbody>
</table>

Day of Closing

On the day of closing, Fannie Mae expects the following:

- All funds from the buyer and lender, as well as the earnest money, must be ready and available at the closing table. Fannie Mae will postpone or possibly cancel the closing if all of the funds are not available.
- Fannie Mae’s Closing Analyst MUST receive the critical documents.
Section 9: Closing the Sale

- The sales proceeds must be wired within one day of the settlement and recording process.
- If a closing delay occurs, update the system and notify the Fannie Mae Asset Manager immediately. Inform the Property Management Company of the closing and the name and address of the new owner in order to provide tenant notification.
- Remove all signs, flyers, marketing materials, and lock boxes.

Terminating Services
When the sale of your property closes, immediately cancel all scheduled maintenance activities and terminate the utilities. Request all final bills.

Notification of Ownership Change
Immediately after completion of the sale of your property, you must file any required notices of change in ownership, including notices required in connection with the registration of the property. You will be held responsible for any fines, fees and penalties imposed upon Fannie Mae as a result of your failure to file the required notice.

Submitting Final Billing
You must submit all final reimbursable expenses within 15 days of the property's settlement date. There is an exception for utility bills. You must submit final utility bills within 15 days of the invoice/billing date.
Section 10: Record Keeping and Quality Control
Section 10: Record Keeping and Quality Control

Overview
Real estate transactions require attention to detail and precise execution in order to limit liability and minimize operational and financial risks.

Record keeping and quality control are two methods that Fannie Mae uses to ensure its stated processes and procedures are followed. This section reiterates the importance of keeping records safely stored, up to date, and accurate. It provides an overview of how Fannie Mae manages quality issues.

Accounting
Fannie Mae provides set standards and procedures for maintaining proper accounting on each of your assigned REO properties. These standards and procedures are specified in your MLA, this Guide, and other training materials provided by Fannie Mae.

Use the expense process to obtain reimbursement for preservation and ongoing maintenance items on each property.

Submit invoices for Non-SAM performed repairs according to the instructions in Section 6: Managing the Bid and Repair Process. The timely completion of tasking to confirm repair completion dates is expected and required for reimbursement processing. Doing so indicates that the repairs ordered were completed satisfactorily and are eligible for payment.

Quality Control
Fannie Mae has an internal Quality Control Department that makes sure its policies and procedures are properly executed. Your MLA requires that you cooperate with Fannie Mae’s internal operating controls, applicable provisions in Fannie Mae's Code of Conduct, and with Fannie Mae's security and business processes and procedures.

Quality Control Overview
Fannie Mae’s quality control function is designed to comply with all applicable laws and regulations governing business operations. Quality control procedures also allow Fannie Mae to enforce and monitor compliance with its Critical Functions, Key Metrics and Core Performance Expectations, and to track performance against Fannie Mae’s corporate goals. Fannie Mae strives to operate using best practices for the real estate industry.

Case File Review
Fannie Mae always closely reviews cases having issues that present legal, financial and/or reputational risks until the issues are resolved. Fannie Mae also diligently reviews its property cases during all phases of the REO sales process. These phases are explained below.

Acquisition Review Phase
The property is assigned to the Fannie Mae Asset Manager and then assigned to you.
Section 10: Record Keeping and Quality Control

Valuation/UTM Review Phase
During the valuation and/or Do Not Market (DNM) period, Fannie Mae considers the following while reviewing the case file:

- Special requirements due to loan type or ownership of property
- Occupancy by people or personal property
- Discrepancies in the address assigned vs. the actual address vs. the legal description of the foreclosure
- Correct property type
- Recourse or repurchase referrals
- Agent compliance with the REO Sales Guide
- Health/safety/environmental issues
- Ownership or title issues
- Other considerations as Fannie Mae deems appropriate
- KYO Posting Date with photographic proof or other notices required to be posted/delivered

Listing Review Phase
During the listing period, Fannie Mae periodically reviews and documents cases with respect to the following considerations:

- Reason for multiple offer fall-throughs
- Presence of offers in HomePath Online Offers not submitted into the system
- Price reduction
- Age of case
- Value variances
- Lack of offer activity
- Repair completion
- Agent updates and communications with Fannie Mae
- Property maintenance
- Utility status
- Agent reassignment
- Other considerations as Fannie Mae deems appropriate
Section 10: Record Keeping and Quality Control

Offer Period Review Phase
During the offer period, Fannie Mae examines the following:

- Authorization and negotiated repair completion
- Agent updates
- Closing extensions
- Title issue resolution
- Other considerations as Fannie Mae deems appropriate

Performance Review Phase
The performance review is intended to monitor and control quality when a non-performance situation exists. While there is no single measurement to evaluate a vendor’s performance, Fannie Mae monitors the qualitative and quantitative service deliverables that comprise the overall performance evaluation on a monthly basis. Monitoring performance also includes, but is not limited to, the following:

- Adherence to the policies, procedures, Key Metrics, Critical Functions, and Core Expectations
- Inspecting assigned properties for compliance with Fannie Mae marketing requirements, property condition, and management of maintenance and repairs.

Property Inspections
Fannie Mae requires that its properties stay in market-ready condition at all times. All vendors routinely inspect these properties for compliance with Fannie Mae’s policies, processes, procedures, and governing documents. All inspections are critical since they are required to limit risks and liability. Non-compliance may result in the termination of your relationship with Fannie Mae.

Performed by Fannie Mae
Fannie Mae employees and/or company representatives may visit REO properties to make sure that Fannie Mae properties are repaired (when applicable) and maintained in accordance with this Guide. They document their inspection findings and insert the documentation in the case histories of the properties for future use.

Performed by Agents
Required property inspections on your listings include initial, repair, maintenance, occupancy, personal property, environmental/hazardous, emergency, and routine weekly inspections.

Poor Inspection – When Fannie Mae receives a low scoring inspection report from Fannie Mae Asset Managers, Fannie Mae Sales Managers, Field Representatives or third-parties who performs a quality control inspection on a property, Fannie Mae classifies the report as a poor inspection.
Performed by Third Parties

Fannie Mae often uses third-party vendors to inspect properties, perform maintenance and repairs, and to remedy unsafe property conditions. You are required to cooperate with Fannie Mae’s third-party vendors. If you experience unethical or inappropriate behaviors from third-party vendors, record the details and report them to the Fannie Mae Asset Manager immediately. The Fannie Mae Asset Manager may instruct you to take further actions at that time.
Section 11: Definitions
## Acronyms

**Table 22: Common Acronyms**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AML</td>
<td>Anti-Money Laundering</td>
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<tr>
<td>BPO</td>
<td>Broker Price Opinion</td>
</tr>
<tr>
<td>BSA</td>
<td>Bank Secrecy Act</td>
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<tr>
<td>BSO</td>
<td>Broker Sign-Off</td>
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<tr>
<td>CFK</td>
<td>Cash For Keys</td>
</tr>
<tr>
<td>DOM</td>
<td>Days On Market</td>
</tr>
</tbody>
</table>
| FNMA    | Federal National Mortgage Association  
(Do not use this acronym in any form of communication, MLS, contract documents) |
| GAAP    | Generally Accepted Accounting Principles |
| GLA     | Gross Living Area |
| KYO     | Knowing Your Options |
| LTV     | Loan To Value |
| MI      | Mortgage Insurance |
| MLA     | Master Listing Agreement |
| MLS     | Multiple Listing Service |
| NSP     | Neighborhood Stabilization Program |
| PM      | Property Management Company |
| REO     | Real Estate Owned |
| SAM     | Service Agreement Market |
| URA     | Uniform Residential Appraisal |
| VIN     | Vehicle Identification Number |
Glossary of Terms

Acquisition
Fannie Mae gains title to a property by foreclosure or Mortgage Release (deed-in-lieu).

Aged Inventory Rate
Averages the total ending inventory on the last day of each month over a quarterly period.

Agent (Listing Agent)
Works under a broker’s license and may be designated as the primary contact to service Fannie Mae assignments.

Agent Scorecard
Monthly measurement of individual performance to help align your performance as closely as possible to Fannie Mae’s strategy and goals.

Amendment
This document confirms the agreement to make changes to the closing date, sales price, repairs, or other terms of an already executed contract.

Anti-Money Laundering (AML)
“AML/BSA Compliance Program” refers to the policies and procedures established by Fannie Mae, as revised from time to time, to comply with anti-money laundering laws or regulations, the Bank Secrecy Act, or other applicable federal laws and regulations regarding the detection and prevention of money laundering, fraud, terrorist financing or other crimes.

Appraisal (REO)
Represents an opinion of the value of real property by a licensed professional for the determination of market value, usually based on closed and listing comparables. The opinion must contain an As-Is and an As-Repaired value along with an estimate of repairs.

Appraiser
Licensed professional who renders an opinion of the market value of real property.

As-Is Marketing Strategy
The strategy to market a property in essentially the same condition as found at time of acquisition, other than usual initial services and minor property preservation repairs.

As-Repaired Marketing Strategy
Strategy used when repairs are needed to address and correct cosmetic, structural, systems and/or environmental conditions at the property.

Asset Manager
Employee responsible for case level management of REO properties in a defined territory.

Asset Recovery Analyst
Fannie Mae role responsible for identifying and resolving title issues.

Auction
An alternative marketing strategy utilizing a combination of ballroom, on-line, or on-site events to reach large group of potential buyers during a one time or limited time event.

**Auction Company**

Company that specializes in auctioning real estate by way of ballroom events, on site, and online venues.

**Bank Secrecy Act (BSA)**

“AML/BSA Compliance Program” refers to the policies and procedures established by Fannie Mae, as revised from time to time, to comply with anti-money laundering laws or regulations, the Bank Secrecy Act, or other applicable federal laws and regulations regarding the detection and prevention of money laundering, fraud, terrorist financing or other crimes.

**Bill of Lading (Whirlpool)**

A document by which a carrier acknowledges receipt of goods for transport and is uploaded in the Appliance Delivery task in place of an invoice.

**BPO Checklist**

A job aid to assist the agent in a review of the necessary elements required to complete a BPO.

**BPO Completion Aid**

A job aid to assist the agent in using acceptable terminology to complete the BPO grid.

**Broker (Listing Broker)**

Licensed by the state real estate commission to perform services related to the listing and purchase of real estate in exchange for a commission.

**Broker Price Opinion**

An opinion of value presented by the real estate agent to indicate the market value of the property based on comparable closed and listed properties. The opinion must contain an As-Is and an As-Repaired value along with an estimate of repairs.

**Broker Sign-Off**

A Broker Sign-Off completed by the broker signifies that the broker’s inspection and rating of the contracted maintenance services.

**Broom Swept Condition**

The property is free of all trash, debris, and personal property.

**Cash for Keys**

Fannie Mae’s relocation assistance program for occupants of foreclosed properties. See Relocation Assistance Program.

**Closing Analyst**

Closing representative responsible for performance management of settlement vendors; responsible for review and approval of closing documents to ensure compliance with the terms of the contract.

**Closing Package**
Documents (consisting of proposed deed to the buyer and estimated settlement statement) submitted to the closing analyst by the settlement agent for review and approval.

Condominium
A unit in a condo project. Each unit owner has title to his or her individual unit, an individual interest in the project’s common areas, and, in some cases, the exclusive use of certain limited common areas.

Condotel or Condominium Hotel
Any project that is managed or operated like a hotel, motel, resort, inn, or lodge where individual units are either sold as co-op or condo units. Upon assignment, ad hoc the Repurchase Referral task.

Contract-Negotiated Repairs
Repairs negotiated as a condition of the sale which are to be performed prior to closing.

Contract Package
- Fannie Mae’s Residential Real Estate Purchase And Sale Contract with all the correct amounts specified for closing costs and repairs.
- Fannie Mae’s version of the Lead-Based Paint Disclosure, if applicable.
- The prequalification letter or proof of funds.
- Agency disclosure.
- Appropriate affiliate disclosures.
- Any state mandated forms.

Co-Operative (Co-Op)
A residential or mixed-use building wherein a corporation or trust holds title to the property and sells shares of stock representing the value of a single apartment unit to individuals who, in turn, receive a proprietary lease as evidence of title.

Core Performance Expectations
Fannie Mae’s clear performance expectations for those vendors who work in REO Sales.

Critical Functions
These are the eight specific areas where real estate agents add the greatest value to the REO Sales process. These critical functions serve as the foundation for achieving success in working with Fannie Mae. As part of the HomePath Pro program, Fannie Mae defines specific performance expectations for each of these functions, provides training tools for agents to meet those expectations, and uses qualitative and quantitative metrics to measure agent performance. The eight critical functions are: Accept assignment, complete initial property activities, assess value, prepare the property, list and market, manage offers, manage contracts, and facilitate timely closing.

Days on Market
Cumulative number of days a property spends in listed status until closed.
Section 11: Definitions

De-Winterization
Restoring function to the plumbing system that was disabled to avoid damage from freezing temperatures.

Discoloration
A potential environmental hazard as a result of moisture resulting in the growth of microorganisms. The extent of discoloration must be defined as “less than” or “more than” 100 contiguous square feet.

Disposition Channel
The path that designates whether the property is designated for Traditional marketing and sale or an Alternative Disposition Route such as auction, pool sale, or rental.

Emergency Repairs
Property damage repairs required to preserve safety, limit liability, or protect the asset from immediate danger and further damage.

Environmental Consultant
A third-party company that provides oversight and guidance in determining a course of action to deal with environmental concerns/issues.

Environmental Hazard
Hazards that constitute health, safety, and liability risks and concerns.

Eviction
Legal process to remove the occupants and property that remain after foreclosure.

Eviction Issue
System function to track an outstanding eviction process.

Expense Analyst (formerly known as 571 Analyst)
Processes broker reimbursement requests and monitors completeness and accuracy.

Foreclosure
A legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property.

Fannie Mae-Owned Property
Fannie Mae owns the property via Mortgage Release or foreclosure.

Field Services Vendor/Company
Designated company to perform initial cleaning, debris removal, and landscaping services.

First Look Initiative
The period of time reserved for purchase by owner occupants purchasing as a principal residence or purchase by public entities or designated partners of public entities.
Foreclosure Attorney

Governs and approves REO transaction decisions to eliminate liability and protect all parties in Fannie Mae’s practices regarding ethics, confidentiality, sales, leasing, code of conduct, foreclosure, eviction, processes, procedures, and other due diligence regulations.

Gross Execution Percentage

A key performance metric defined as the actual sales price divided by (the As-Is appraisal + total repairs).

Home Owner’s Association

An organization of the homeowners in a particular area formed for the purpose of enforcing deed restrictions or managing the common elements of the community.

HomePath

The global brand for all Fannie Mae REO properties.

Initial List Price

Price set by Fannie Mae designed to compete in the marketplace while allowing negotiating room that still nets an acceptable final sales price.

Initial Services

Those services performed by the Field Services Companies which includes cleaning, debris removal and initial yard service.

Key Metrics

Performance indicators: Gross Execution, Sales Runoff, Aged Inventory, and Days on Market.

ListHub

A third-party application used to upload MLS data to the HomePath website.

List Price

The price at which a property is offered to buyers.

Listed Inventory

All properties with a current active listing not under contract.

Maintenance and Repair Work Authorization Form 1093

Form issued when repairs are approved.

Maintenance Services

Activities that include all property preservation efforts which maintain the property in a safe manner at its current condition and keep the property in marketable condition, ready for showings.

Manufactured Home

The manufactured home must be a one-unit dwelling that is legally classified as real property. The towing hitch, wheels, and axels must be removed, and the dwelling must assume the characteristics of site-built housing.
Section 11: Definitions

Market Area
A city, county, or ZIP code range representing a defined area where a broker has essential knowledge necessary for valuation and marketing.

Market-Ready Condition
The condition of the property upon completion of those services necessary to maintain it in a clean, safe, and accessible condition.

Market-Specific Comments
Comments specific to the market where an assigned property is located.

Marketing Strategy
Strategy that is designed to market property for sale to maximize sales proceeds and if possible, enable home ownership.

Market Value
The estimated amount for which a property should sell between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and with the parties acting knowledgeably, prudently, and without compulsion.

Master Listing Agreement
A single document that defines the relationship between Fannie Mae and the broker.

Master Listing Supplement
Document sent to the agent containing the
• List price
• Listing terms
• Commission details

Mortgage Lender
The financial institution that funds the mortgage loan.

Mortgage Release (previously known as Deed-in-Lieu)
Also called a “voluntary conveyance,” deed-in-lieu is executed when a borrower voluntarily transfers title to, and possession of, the property to Fannie Mae to satisfy the mortgage loan debt and avoid foreclosure.

Mortgage Servicer
Responsible for attempts to cure the default through Loss Mitigation Initiatives. Collects the mortgage payments and credits a borrower’s account.

2-4 Family Property
A 2-, 3- or 4-unit property.

Occupied Property
A property is considered occupied when it is inhabited after foreclosure. Inhabitants may be owners or tenants.
Occupyancy Status
The determination made by the broker when a property is first acquired regarding its occupancy. It may be vacant, occupied, or contain personal property.

Offer Accepted Inventory
Those properties currently under contract that have not closed.

Oil Release
Disbursement of oil into the ground, usually by a leaking tank or system. This is an environmental hazard requiring immediate attention to stop an active flow.

Online Offers
Fannie Mae’s automated offer management system accessed via HomePath.com

Partial Lender Required Marketing Strategy
A strategy to perform limited repairs which increase the ability to obtain financing while deferring repairs which a buyer may find acceptable.

Personal Property
Articles left at the premises that have a cumulative garage sale value of $500 ($700 in California) or more, or as articles that may have sentimental value, such as heirloom furniture, photos, and personal papers.

Pool Sales
Bulk sales allow a large quantity of properties to be purchased by a single investor.

Prequalification
Prequalification includes, but is not limited to, review of:
• A credit bureau report for credit worthiness
• Bank statements for verification of sufficient funds for down payment and closing costs
• Most recent paycheck stubs for year-to-date income verification
• Maximum loan qualification based on monthly-income-to-debt ratios

Primary MLS
The Primary MLS is defined as the largest and/or most widely utilized MLS within the geographic coverage range of the subject property. This term may also be used to designate additional MLS systems required for membership, as determined by sales management, to enhance the marketing of the property or provide additional benefits such as the use of an electronic lock box system.

Primary Vendor Contract
The individual designated by the principal broker as the main contact to interface with the Fannie Mae Asset Manager

Property Maintenance
The initial and on-going property maintenance to ensure the property is maintained and secure.
Section 11: Definitions

Public Entity Sales
   Public entities and designated partners of public entities often purchase individual REO properties in designated jurisdictions for the purpose of neighborhood stabilization.

Real Estate Owned Property (REO)
   A property that has been acquired through foreclosure or Mortgage Release.

Residential Real Estate Purchase And Sale Contract
   Fannie Mae’s required purchase contract

Redemption/Confirmation
   The right of redemption allows the previous owner to cure the default and regain title to the property. Typically, to cure the default, the borrower must pay off the entire balance owed on the loan, plus any fees and costs incurred. During this timeframe, the previous borrower or current occupant is allowed to remain in the residence. Some states may have a confirmation process to perfect the foreclosure process and transfer title which may also delay possession and marketing.

Re-Key Date
   The date that a property is re-keyed.

Release of All Claims
   Form signed upon receipt of financial Relocation Assistance (aka Cash for Keys) that verifies the occupant voluntarily vacated.

Relocation Assistance Program
   Program to financially incent occupants to vacate a REO property and remove remaining possessions. See Cash for Keys.

Remediation
   Includes:
   - Plan implemented to by Sales Management to address broker performance issues.
   - Action to cure an environmental issue.

Rentals
   An alternative strategy which allows tenants to remain in the property following foreclosure. An additional initiative, known as Deed-for-Lease, allows mortgagors to remain as a tenant following a deed in lieu.

Repair Bid
   Completion of the Scope of Repairs task submitted by the contractor.

Repair Contractor
   Contractors who bid for Fannie Mae property repair work.

REOgram
   The notification submitted by the servicing lender to notify Fannie Mae of a newly acquired property.
Section 11: Definitions

Sales Amendment
The document which reflects mutually agreed upon modifications to the previously executed contract.

Sales Contract
The local contract customarily used in real estate transactions.

Sales Director
Direct superior of the Sales Manager.

Sales Manager
Direct superior of the Asset Manager.

Service Agreement Market (SAM) contractor
Fannie Mae enters into agreements with various contracting companies by state. These companies are referred to as Service Agreement Market (SAM) contractors. These contractors typically fall in into two broad categories: general rehab and flooring.

Sale Price
The gross purchase price reflected in the sales contract.

Sales Runoff Rate
The performance metric that is the Direct Sales Count (closings) divided by the total of the Listed Inventory and Offer Accepted Inventory.

Selling Agent
The agent representing the buyer.

Settlement Agent
The company assigned to check the status of title and confirm that all terms of the contract have been met in order to close the sale and transfer title.

Settlement Statement
A statement that discloses all the fees and charges that both the Purchaser and Seller face during the settlement process of a housing transaction.

Single-Family Residence: 1 Unit
Detached or attached single-family dwelling designed or intended for occupancy by one person or by one family.

Single-Family Residence: 2-4 Units
A property that consists of a structure that provides living space (dwelling units) for two to four families, although ownership of the structure is evidenced by a single deed.

Tenant
Anyone who is not the owner, parent, child, or spouse of the owner inhabiting an REO property.

Trash Out
Removal of all trash/debris remaining in the property.
Section 11: Definitions

**Vacant Land**
Land having no real property development on it.

**Vacant Property**
A property that has no occupants or personal property remaining.

**Vacate Date**
The date following acquisition that Fannie Mae obtains possession of the property. If the property is vacant at time of acquisition, the inspection date is considered the vacate date.

**Valuation Unit**
The division responsible for the ordering and review of appraisals.

**Vendor Desk**
The unit responsible for managing broker/vendor communications.

**Winterization**
The process of preparing a property to handle freezing temperatures in order to avoid unnecessary damage.
Section 12: Resources
**Resources Section Overview**

The Resources section contains hyperlinks for each of the documents referenced throughout the REO Sales Guide. In some instances, the hyperlinks will direct you to a third-party web site for the documents/forms.

The Resource section contains the following online resources:

**HomePath Materials**
- Home Path Fact Sheet
- How to Navigate the HomePath Website Fact Sheet
- Guidelines for Listing Brokers to Market HomePath Properties Using Social Media

**Listing Agent Forms and Resources Directory**
[https://www.homepath.com/content/pdf/vendorresources/Listing_Agent_Forms_Resources.pdf](https://www.homepath.com/content/pdf/vendorresources/Listing_Agent_Forms_Resources.pdf)
- Pre-Listing Resources (Door Hanger notices, Knowing Your Options flyers, state specific instructions, etc.)
- Repair Resources (Whirlpool Order Form, Whirlpool Return Form, etc.)
- Sales Resources (Fannie Mae Residential Real Estate Purchase And Sale Contract, Contract Amendment, Lead Paint Disclosure, Owner Occupant Certification, etc.)
- Field Services Resources (Quick Reference Guides, Assignment Map, etc.)
- Reimbursement Resources (Equator Expense Classification Index for Listing Agent Reimbursement and Expense Warnings for Agents)

**HECM Resources (Expense Guide, FAQ docs, HECM Field Services Guides, Utility Inspection, Inspection Request, etc.)**

**Equator Training Materials**
- Links to all of the Equator agent and vendor job aids, manuals, and quick reference guides.

**HomePath Fact Sheet**

*HomePath* is the exclusive umbrella brand for Fannie Mae-owned properties. The “HomePath” label is used to identify all things related to the sale of our REO properties. For example, HomePath.com is our website.

The *HomePath.com* website provides information about Fannie Mae-owned properties available for sale, special financing options, a buyer’s guide for selecting a property and making an offer,
and podcasts. Resources for consumers, real estate agents, and lenders are available on the website.

Stabilizing neighborhoods and building communities isn’t new to Fannie Mae – it’s been part of our mission for decades. With First Look, owner-occupants or any organization using public funds get a first shot at our properties. If, after the First Look marketing period expires – typically the first 20 days a property is listed on www.HomePath.com – we haven’t received an acceptable offer from an owner occupant or organization using public funds, we’ll begin considering offers from investors.

For more information, visit www.HomePath.com

How to Navigate the HomePath Web Site Fact Sheet

In today’s mortgage market, implementing an effective marketing strategy is critical. Integrating simple tools into your business development efforts is easy and can generate new business for Real Estate Professionals.

According to the National Association of Realtors’ 2013 Profile of Home Buyers and Sellers, for 42 percent of home buyers, the first step in the home-buying process was looking online for properties - and that number continues to grow.

HomePath.com is Fannie Mae’s online resource to market our REO properties with a number of tools to reach new clients looking for a home.

HomePath.com provides resources to:

- Obtain property specific information for specific buyers
- Allow listing agents to review and confirm the accuracy of information
- Save time by using dynamic Search Filters to locate ideal properties
- Generate New Leads with Property Alerts and Saved Searches
- Use the Online Offer system to Make an Offer and for listing agents to retrieve offers
- Leverage Newsletter information
- Take advantage of Special Offers and Incentives like First Look
- Educate using Podcast resources
- Access information about Short Sales and also escalate a Short Sale Issue directly to Fannie Mae
What’s Available on HomePath.com

Follow these instructions to take full advantage of the tools and resources on HomePath.com.

**Find Homes Tab – Conduct a Search for Properties in your Market**

From the “Find Homes” tab, conduct a basic or advanced property search using criteria such as city, county, state, zip code, property status, property type, Open House, bedrooms, bathrooms, etc. You can click on individual properties in the list to view the listing agent contact information or you can download the search results of each property by using the “Download Properties” button. By downloading the results and contact information, you can easily sort information to meet your needs.

The property results download provides important details such as address and listing agent contact information.

**Download Properties Tab – Use Dynamic Search Filters**

After performing a basic search on the “Find Homes” tab, you can use the Search filters to narrow your search results. When you use the filters, the search results will dynamically change to show properties that meet your criteria. You can click on individual properties to see photos, marketing descriptions, property features, listing agent contact information, and much more. You may also use the ‘Download Properties’ button on the Search Results page to download property information for more than one property.

**Saved Search Feature – Generate New Leads with Property Alerts and Saved Searches**

Property Alerts are email notifications that inform you when new properties that meet your criteria have been listed. To set up a property alert, you must first perform a basic or advanced search from the “Find Homes” tab. You can then opt to use the dynamic search filters to narrow your list on the search results page, and will also see the option to ‘Save this Search’. Property Alerts will be set based on the Saved Search criteria and you can choose to set the frequency with which to receive these alerts.

  **Note:** You will be prompted to login or register on HomePath.com to complete the process to receive alerts. Registering on HomePath.com is free! This is the same login agents use for accessing the HomePath Online Offers system. Your email will be used only to communicate information – no spam. It is important to remember your password for future use.

**Online Offer System – Make an Offer on a Property Using the Online Offer System**

All offers for properties on HomePath.com must be submitted via the Online Offer system. Placing an offer on a HomePath property is easy and starts with the agent clicking the ‘Make an Offer’ button located on the property details page of the chosen property. The “Real Estate Professionals” tab also has valuable information about the Online Offer process, including tutorials and tips for selling agents to expedite offer submission.

**Real Estate E-News – Leverage Newsletter Information**

Real Estate professionals are a buyer’s trusted advisor – even after the sale is complete. Often sought for advice, including recommendations, real estate professionals must stay abreast of changes impacting the housing market. Sign up for automatic updates on Fannie Mae properties, local events, policy announcements, and more by clicking the “HomePath Real Estate e-News” link on the “Real Estate Professionals” tab.
Financing & Special Offers Tab – Take Advantage of Special Offers

The “Financing & Special Offers” tab includes information on current special offers that can be used to maximize the lending transaction, such as First Look and the Neighborhood Stabilization Program (NSP).

Fannie Mae’s innovative First Look period contributes to neighborhood stabilization by encouraging home ownership. During this period, owner occupants, public entities, and their partners can submit offers and purchase properties without competition from investor offers.

The First Look period is typically the first 20 days a property is listed on HomePath.com. Properties within the First Look period include a countdown clock on the property details page, which displays the number of days remaining for owner occupants and public entities to submit offers.

If the property remains available for sale after the expiration of the First Look period, investor offers may be submitted and will be considered along with all other offers.

HECM properties are not subject to First Look; however, they should follow the standard process of not entertaining offers in the first 3 days of listing.

Resources Tab – Educate Using the Podcast Resources

Refer prospective buyers to the “Resources” tab to listen to a podcast series designed to provide more information about Fannie Mae and the ever changing real estate market. By helping buyers alleviate concerns and answer questions about home purchasing process, you build a long and lasting relationship—one that yields benefits such as repeat business and new referrals for years to come.

Short Sale Tab – Access Information about Short Sales and Escalate a Short Sale Issue

The “Short Sale” tab on HomePath.com has plenty of valuable information for listing agents currently representing a homeowner in a Fannie Mae Short Sale or for Homeowners considering a short sale. Listing agents representing a homeowner in a Fannie Mae Short Sale will have access to helpful resources and will also have the ability to escalate an issue with a current Short Sale directly to Fannie Mae.

Guidelines for Listing Brokers to Market HomePath Properties Using Social Media

- Only agents/brokers listing Fannie Mae properties may promote and market HomePath listings as their properties.
- As a HomePath Listing Broker/Agent, you have a business relationship with Fannie Mae. Do not present yourself as an employee or representative of Fannie Mae or HomePath. Your social media profile must clearly indicate your name and the name of your brokerage.
- Social media marketing is subject to the guidance outlined in the REO Sales Guide. Refer to Section 7: Listing, Marketing, and Managing the Property for guidance on how to keep your listings professional and consistent with HomePath branding guidelines.
- Reuse the content that we put out publicly. As you look to develop content to market HomePath listings or financing, we encourage you to use language and content that is already available on
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HomePath.com, Fanniemae.com, and press releases. You may also share the content that we share publicly on our HomePath Twitter or HomePath Facebook accounts.

- Maintain a professional identity on social media. Maintain a separate account for your professional and your personal Twitter or Facebook pages such that your professional page is mainly about real estate and free of political or personal endorsements and does not include unprofessional or inappropriate language and content.

- Hyperlink to the HomePath.com listing. Except in cases where your website offers additional value-adds to the listing such as virtual tours, please make your hyperlinks to HomePath properties lead to the listing under HomePath.com.

- Use correct HomePath branding. When using HomePath logos, download the correct logo from the HomePath Pro StoreFront which you already use to order flyers and sign riders. You can find the logos in StoreFront under the “High Resolution Logos” folder.

Listing Agent Resources

Click the link below to access the directory listed.

- Listing Agent Resources Directory
- Equator Training Materials Directory