

## Property Maintenance and Management: Property Preservation Matrix and Reference Guide

**Effective Date: 11.12.2014**

### I. Property Preservation Introduction

As directed in the *Servicing Guide* throughout the default process, the servicer is responsible for performing all property maintenance functions to ensure that the condition and appearance of the property are maintained satisfactorily. The *Property Preservation Matrix and Reference Guide* is intended for use when preserving vacant properties for mortgage loans that are in default. Servicers must refer to the *Servicing Guide* F-1-06, Expense Reimbursement, for property preservation allowable reimbursement amounts (referred to as “allowable(s)” in this document). When the mortgage loan is current and/or the property is occupied, servicers must contact their Servicing Portfolio Manager, Servicing Consultant, or the National Servicing Organization’s Servicer Solution Center at 1-888-FANNIE5 (888-326-6435) with any questions.

All preservation work is expected to be completed within the allowable(s). When work cannot be completed within the allowable(s), a bid must be submitted via HomeTracker® with a detailed description, reason for the bid request, and photos to support the bid. Approval must be obtained for all over allowable bids prior to initiating work.

HomeTracker is the required method of submission for all over allowable bids. This system is specifically designed to streamline work processes and facilitate communication between Fannie Mae and servicers. HomeTracker allows servicers to search property information, submit bids, receive responses, track history, and print bids for files. Servicers must request access to HomeTracker by contacting the Fannie Mae Property Cost Management Team at [property\\_preservation@fanniemae.com](mailto:property_preservation@fanniemae.com).

All pertinent supporting comments and documentation must be included when submitting bids. Attachments must meet the following requirements:

- Use only clear, focused, color photos that pertain to each applicable bid line item.
- Multiple photos are allowed per attachment with a maximum of five attachments per line item.
- Each attachment must be labeled with a description in the Comment field when uploading.
  - *Examples include:* Inspection 01/01/2012, Inspection Results 01/15/2012, Roof Damages 01/01/2012, etc.
- Photos must remain clear at a dimension of 3 ½” x 5”.
- A date stamp is required on each photo showing the original date the photo was taken.
- A complete view must be used (that is, color photos of the entire area where damages occurred).
- When damages are found, interior and exterior photos are required to detail current property conditions.

Estimates, photos, and any supporting documentation should be uploaded as attachments in HomeTracker. To facilitate the review of additional bids, the use of an industry standard based cost estimator tool is permissible although not required.

NOTE: See [Table D: TIMESLINES and COMPLETION SCHEDULES](#) below for a list of timelines.

Fannie Mae reserves the right to pursue remedies per the *Servicing Guide* when servicers have not met the required timeframes and/or performance of work. Any property may be subject to audit. The servicer and/or vendor must provide any documents and/or additional information as requested by Fannie Mae within seven calendar days.

## II. Property Preservation Basic Duties and Responsibilities

Specific servicer requirements for property preservation for loans in default are described below.

### A. **Securing**

Fannie Mae requires servicers to gain access and complete securing of all vacant properties within **7 calendar days** of the first time vacant date as reported by the inspection results, notification from the borrower, or any verifiable source. When a property has multiple units, each unit must be secured as it becomes vacant.

Securing includes, but is not limited to, the following:

- Confirm vacancy.
- Change lock on exterior rear/secondary door on main dwelling.
- Secure all outbuildings and detached garages.
- Evaluate the property for interior and exterior damages.
- Complete all necessary preservation work within the allowable.
- Post servicer/vendor contact information. (Posting must meet local ordinance /association standards.)
- Shut water off at curbside and main interior water supply.

When local ordinances/association standards differ from Fannie Mae requirements, servicers must submit a copy of the local ordinance/association standards with any bids to secure.

### **LOCK CHANGES (KNOB/PAD/SLIDER/WINDOW LOCKS)**

Servicers are required to secure an exterior rear or a secondary door for access on the main dwelling of vacant properties. Only one lock is allowed to be changed on main dwellings for access. The main entrance should be rekeyed when it is the only option for gaining access. In the event the main dwelling becomes unsecure or the servicer's lock(s) are changed, servicers must proceed with re-securing to gain access.

The allowable for locks includes the removal and replacement of the lock.

When the property is a condo and cannot be rekeyed, servicers must contact the condo association and obtain a copy of the key for access within the allowable.

Garage doors must be secured with existing locks when possible. The servicer must secure within the allowable when the garage door cannot be secured with existing locks.

Slider locks and window locks must be repaired/replaced when existing locks are inoperable or are not present on the main level and where accessible.

### **BOARDING**

Properties must be boarded to prevent vandalism where required by local ordinance/association standards or when exterior openings are not securable. Boarding is measured in united inches (UI). To calculate UI, add length and width (for example, a 25" x 60" window is 85 UI).

The allowable should be used for the following instances:

- Crawl space
- Garage door
- Pet door
- Slider door
- Window well covers
- Windows

The boarding allowable does not include the cost of a padlock or padlock/hasp.

### **SECURITY DOOR**

A security door should be utilized when an exterior door is missing or cannot be secured with existing or new hardware. The security door should only be installed in areas that require future access. The allowable includes boarding and all hardware.

### **COVER EXTERIOR DRYER VENT**

The allowable for exterior dryer vent covers will be used only when a cover is not present.

### **REPAIR GARAGE DOOR**

The allowable to repair a garage door must be used when the cost of boarding exceeds the cost of repairing.

*Example:* It costs \$270 to board a garage door that is 7' x 18' (\$0.90/ unit in) and it costs \$90 to repair, so the servicer should proceed with the repair for \$90.

### **POOL/HOT TUB/SPA SECURING**

Pool securing is defined as the confirmations that all fences, lanai, and gates are intact, secured with a padlock, and are a minimum of four feet high. When the pool cannot be secured within allowable, the servicer must provide a bid to repair or replace the fence/lanai/gate.

The allowable should be used for the following instances:

- Chain links
- Fence repair
- Gates
- Gate locking mechanism
- Lanai
- Pickets
- Posts

When a fence/lanai/gate is not present, bids to cover the pool may be submitted with photo documentation showing that the fence, lanai, or gate is not present. In addition, the servicer must:

- provide a bid to tarp above ground pools,
- provide a bid to cover with a polypropylene safety cover anchored to the pool deck for below ground pools with a deck, or
- provide a bid to board for below ground pools without a deck.

### **B. Lawn Maintenance**

Fannie Mae expects each lawn to remain in compliance with local ordinances/association standards year-round.

Each lawn service includes but is not limited to:

- grass cut and all clippings removed from sidewalks, driveways, and lawns (front, back, and sides);

- edging completed on each grass cut including the fence lines, foundations, driveways, walkways, and sidewalks;
- weeds trimmed from fence lines, foundation of home, driveways and flowerbeds without damaging existing plants or flowers;
- minimal leaf removal; and,
- incidental debris/trash removal.

Desert landscaping, rockscaped, or low maintenance landscaping must be completed once every other month within the allowable. This includes, but is not limited to, pulling and spraying of weeds, removing tumbleweeds, and trimming grass where necessary.

Initial lawn maintenance and initial desert landscaping must be completed within **10 calendar days** of the first time vacant date during grass cut season or the grass cut season start date, whichever comes later. When the first time vacant date is outside of grass cut season and an initial grass cut is necessary, an initial grass cut may be completed without prior approval utilizing the allowable within **10 calendar days** of the first time vacant date.

Only one initial lawn maintenance may be performed during a calendar year. If an initial lawn cut was performed outside of grass cut season, re-cuts should resume at the beginning of grass cut season. Any subsequent initial lawn maintenance request will require prior approval by submitting an over allowable bid request through HomeTracker. The servicer will have **15 calendar days** from the first time vacant date or grass cut season start date to submit an over allowable grass cut bid.

Bids for grass cuts should include the following:

- provide the lot dimensions, and
- provide the grass height.

In year-round grass cut states, only one **initial** grass cut is permitted, as the servicer is required to complete the re-occurring lawn maintenance as scheduled. All other states are allowed one initial grass cut or desert landscaping per calendar year.

Lots up to one acre (up to 43,560 square feet): Initial lawn maintenance must be completed within the allowable where grass is less than 12 inches on the majority of the lot. When the initial lawn maintenance cannot be completed within the allowable, bids must be submitted for review. Re-cuts must be completed within the allowable based on the area to be cut.

*Example:* Lot size is 25,000 square feet and grass is 24 inches on 20% of the lot and 10 inches on 80% of the lot; complete grass cut within the allowable with a maximum of \$175.

Lots over one acre (more than 43,560 square feet): Perimeter cuts should be completed from the front view of the property to the street utilizing the 15,000 square foot grass cut allowable. Perimeter re-cuts must be completed within the allowable.

When a perimeter cut cannot be completed due to local ordinance/association standards or may affect neighboring properties/businesses, the following items must be submitted:

- bid for initial full lot grass cut,
- bid for full lot re-cuts for the entire season, and
- copy of the local ordinance/association standards dictating only full lot cuts are accepted or photo documentation of neighboring properties/businesses within close proximity of the property.

## GRASS CUT SCHEDULE

Prior approval is required for any grass re-cuts needed outside of the grass schedule. Grass cuts must be completed as follows:

- All year once per month
  - AZ, NM, and NV
- All year twice per month
  - CA, FL, HI, Guam, Puerto Rico, and the Virgin Islands
- April 1 to October 31 once per month
  - CO, UT, and WY
- April 1 to October 31 twice per month
  - AR, CT, DC, DE, ID, IL, IN, IA, KS, KY, ME, MD, MA, MI, MN, MO, MT, NE, NH, NJ, NY, NC, ND, OH, OK, OR, PA, RI, SD, TN, VT, VA, WA, WV, WI
- March 1 to November 30 twice per month
  - AL, GA, LA, MS, SC, and TX
- June 1 to September 30 twice per month
  - AK

NOTE: Refer to [Table A: GRASS CUT SCHEDULE](#).

## TRIM TREES/SHRUBS/VINES

Trees/shrubs/vines maintenance must be completed within **10 calendar days** of the first time vacant date during grass season or the grass cut season start date, whichever comes later. When the trimming cannot be completed within the allowable, the servicer must stop work and submit all bids within **15 calendar days** from the first time vacant date during grass cut season or grass cut season start date, whichever comes later.

Maintenance includes trimming of the shrubs/trees/vines and removal of clippings, dead foliage, vines on the main dwelling and detached livable structures, and saplings near the foundation. Trees/shrubs/vines must be trimmed in any of the following instances:

- when affecting the condition or access to the main dwelling or detached livable structures,
- when it is within street view, and/or
- when it affects the condition of the fencing or the lanai.

*Example:* The first time vacant date is November 08, 2011, on a property in Texas.

- On November 15, 2011, the servicer used \$100 to trim the shrubs by the sidewalk.
- On April 15, 2012 (new calendar year), the servicer used \$200 to trim the trees over the roof of the house.
- On June 01, 2012, \$75 for trimming is needed to trim the trees in the front yard. In this instance, a bid must be submitted for review because it exceeds the allowable.

Bids to trim trees/shrubs/vines should include the following in comments of the line item:

- number of trees/shrubs and their height, and
- description of work to be completed.



## **TREE REMOVAL**

A first and second bid is required simultaneously to remove trees and should only include removal to the stump, not removal of the root system.

## **VACANT LOT**

When a servicer finds a vacant lot at initial and/or subsequent inspections, the servicer is to utilize any necessary allowable(s) to maintain the lot. If the cost to maintain the vacant lot exceeds the allowable(s), bid(s) for the over allowable maintenance must be submitted via HomeTracker. Servicers should contact their Servicing Portfolio Manager, Servicing Consultant or the National Servicing Organization's Servicer Solution Center at 1-888-FANNIE5 (888-326-6435) with any questions.

**Table A: GRASS CUT SCHEDULE**

State	Abbr.	Initial and Re-cuts					
		All Year once per month	All Year twice per month	April 1 to Oct 31 once per month	April 1 to Oct 31 twice per month	March 1 to Nov 30 twice per month	June 1 to Sept 30 twice per month
Alabama	AL					X	
Alaska	AK						X
Arizona	AZ	X					
Arkansas	AR				X		
California	CA		X				
Colorado	CO			X			
Connecticut	CT				X		
Delaware	DE				X		
Florida	FL		X				
Georgia	GA					X	
Hawaii	HI		X				
Idaho	ID				X		
Illinois	IL				X		
Indiana	IN				X		
Iowa	IA				X		
Kansas	KS				X		
Kentucky	KY				X		
Louisiana	LA					X	
Maine	ME				X		
Maryland	MD				X		
Massachusetts	MA				X		
Michigan	MI				X		
Minnesota	MN				X		
Mississippi	MS					X	
Missouri	MO				X		
Montana	MT				X		
Nebraska	NE				X		
Nevada	NV	X					
New Hampshire	NH				X		
New Jersey	NJ				X		
New Mexico	NM	X					
New York	NY				X		
North Carolina	NC				X		
North Dakota	ND				X		
Ohio	OH				X		
Oklahoma	OK				X		
Oregon	OR				X		
Pennsylvania	PA				X		
Rhode Island	RI				X		
South Carolina	SC					X	
South Dakota	SD				X		
Tennessee	TN				X		
Texas	TX					X	
Utah	UT			X			
Vermont	VT				X		
Virginia	VA				X		
Washington	WA				X		
West Virginia	WV				X		
Wisconsin	WI				X		
Wyoming	WY			X			
Guam	GU		X				
Puerto Rico	PR		X				
Virgin Islands	VI		X				
Washington DC	DC				X		

### C. **Winterization and Re-Winterization**

Winterizations are required to be completed within **7 calendar days** of the first time vacant date or within **15 calendar days** of the winterization start date, whichever comes later.

Winterization includes shutting the water source off at the curb and at the main interior water supply. The servicer must shut off one water source when it is not possible to shut off both. Winterization also includes a complete draining of all plumbing/heating systems and system check.

The allowable must be used for the main dwelling and any additional units. An additional unit is defined as a property with multiple designations in the address or a detached livable structure.

For properties which share water services with other units, such as condominiums, the water for that unit must be maintained in the servicer's name and the winterization should not be completed.

Properties must be checked at the beginning of each winterization season to confirm any prior winterization is still intact. For properties that require a re-winterization during winterization season, this must be completed within **7 calendar days** of discovering the prior winterization has been compromised, is no longer effective, or winterization start date, whichever comes later.

#### **WINTERIZATION SCHEDULE**

Prior approval is required for any winterization needed outside of the schedule. Winterization must be completed as follows:

- All year
  - AK
- September 1 to April 30
  - CO, CT, IA, ID, IL, IN, MA, ME, MI, MN, MT, ND, NE, NH, NJ, NY, OH, OR, PA, RI, SD, VT, WA, WI, WY
- October 1 to March 31
  - AL, AR, AZ, CA, DC, DE, FL, GA, KS, KY, LA, MD, MO, MS, NM, NC, NV, OK, SC, TN, TX, UT, VA, WV
- Not required
  - HI, Guam, Puerto Rico, the Virgin Islands

NOTE: Refer to [Table B: WINTERIZATION SCHEDULE](#).



## Table B: WINTERIZATION SCHEDULE

State	Abbreviation	Winterizations			
		All Year	Sept 1 to April 30	Oct 1 to March 31	Not Required
Alabama	AL			X	
Alaska	AK	X			
Arizona	AZ			X	
Arkansas	AR			X	
California	CA			X	
Colorado	CO		X		
Connecticut	CT		X		
Delaware	DE			X	
Florida	FL			X	
Georgia	GA			X	
Hawaii	HI				X
Idaho	ID		X		
Illinois	IL		X		
Indiana	IN		X		
Iowa	IA		X		
Kansas	KS			X	
Kentucky	KY			X	
Louisiana	LA			X	
Maine	ME		X		
Maryland	MD			X	
Massachusetts	MA		X		
Michigan	MI		X		
Minnesota	MN		X		
Mississippi	MS			X	
Missouri	MO			X	
Montana	MT		X		
Nebraska	NE		X		
Nevada	NV			X	
New Hampshire	NH		X		
New Jersey	NJ		X		
New Mexico	NM			X	
New York	NY		X		
North Carolina	NC			X	
North Dakota	ND		X		
Ohio	OH		X		
Oklahoma	OK			X	
Oregon	OR		X		
Pennsylvania	PA		X		
Rhode Island	RI		X		
South Carolina	SC			X	
South Dakota	SD		X		
Tennessee	TN			X	
Texas	TX			X	
Utah	UT			X	
Vermont	VT		X		
Virginia	VA			X	
Washington	WA		X		
West Virginia	WV			X	
Wisconsin	WI		X		
Wyoming	WY		X		
Guam	GU				X
Puerto Rico	PR				X
Virgin Islands	VI				X
Washington DC	DC			X	

## **D. Health and Safety**

### **CLEANING REFRIGERATOR OR STAND ALONE FREEZER**

The allowable for cleaning includes the removal of all perishable contents, and wiping down and cleaning of the appliance's interior and exterior for both the refrigerator and freezer or stand alone freezer(s).

### **CLEANING TOILETS**

During winterization season, the allowable may be utilized for cleaning the toilet when both waste is present and the winterization is no longer effective. The allowable also includes cleaning the interior and exterior of the toilet.

### **CAPPING WIRES**

The allowable to cap exposed bare wires may only be used when the electric meter is present.

### **CAPPING WATER/SEWER LINES**

The allowable must be utilized to cap water/sewer lines regardless of utility status.

### **CAPPING GAS LINES**

The allowable must be utilized to cap gas lines regardless of utility status.

### **EXTERMINATION**

The allowable for extermination may only be used to eliminate rodents, wasps, hornets, bees, and termites. Only condo/townhomes (units with shared walls) may use the allowable for roaches. Fleas may only be exterminated when the infestation prohibits access to the property. Any extraordinary extermination over the allowable requires two contractor bids to be submitted simultaneously via HomeTracker.

### **EXTERIOR HANDRAILS**

The allowable for exterior handrails on the main dwelling may only be used to repair damaged handrails or replace missing handrails on an elevated patio, balcony, or where three or more steps are present. Exterior handrails must meet local ordinance/association standards.

## **E. Raw Garbage, Perishable Debris, and Personal Property**

A cubic yard is defined as 3' x 3' x 3' or 27 cubic feet and is measured by volume, not weight or content. Fannie Mae allows a combined maximum of 10 cubic yards for the removal of raw garbage, perishable debris, and/or move personal property for the life of the loan. When the items cannot be removed or moved within the allowable, the servicer must stop work and submit bids via HomeTracker.

Examples of interior debris that are not authorized to be removed include but are not limited to:

- Alcohol
- Antifreeze
- Canned goods
- Cleaning agents
- Gas cans
- Medicine/syringes
- Oil
- Paint cans
- Paint thinner
- Pesticides
- Pool chemicals
- Pressurized tanks
- Propane tanks
- Tires
- Toiletries

## REMOVE EXTERIOR DEBRIS

The allowable for exterior debris removal is limited to raw garbage, perishable items, and non-personal property items that are in the way of the lawn maintenance or in street view. Non-personal property items are defined as items that have been exposed to the elements and are not intended for exterior use.

Examples of non-personal property items include but are not limited to:

- broken or deteriorated furniture,
- exterior refrigerator or freezer, and
- fallen tree limbs.

NOTE: *Items located inside outbuildings or garages must be secured inside the structure.*

## MOVE PERSONAL PROPERTY

The allowable for moving exterior personal property is limited to items which obstruct lawn maintenance or are in street view. Personal property should be moved to a secure location such as a shed, garage, or the interior of the property.

Examples of personal property not to be moved include but are not limited to:

- Bird baths
- Building materials
- Dog houses
- Fireplace wood
- Grills
- Patio furniture
- Picnic tables
- Stacked bricks
- Swing Sets
- Trampolines
- Vehicles

NOTE: *Move city trash receptacles out of street view after all contents have been removed.*

NOTE: *Refer to [Table C: DEBRIS AND PERSONAL PROPERTY TABLE](#).*

## DEAD VERMIN/DEAD ANIMAL REMOVAL

The allowable for the removal of dead vermin/dead animals may be used for their removal and disposal. Where applicable, ensure compliance with all state and local ordinances.

Table C provides examples of items to assist in measuring cubic yards.

**Table C: DEBRIS AND PERSONAL PROPERTY TABLE**

Quantity	Item	Cubic Yard
5	Automobile tires	1
1	Book case (5 shelves)	2
1	Couch	2
1	Dresser or chest of drawers	2
1	Dryer	1
6	Full lawn size trash bags	1
4	Lawn or dining chairs	1
1	Mattress and box spring	4
1	Office desk	2
125	Paint cans (one gallon)	1
1	Recliner	1
1	Refrigerator	2
2	Trash cans	1
1	Washing machine	1

NOTE: *Bids to address unusual items or extremely heavy items that cannot be converted to cubic yards should be submitted through HomeTracker prior to removing.*

**F. Additional Allowable Items**

**ADDRESS POSTING**

After confirming the correct address, the allowable may be used to meet local ordinance/association standards where house numbers are missing.

**CHIMNEY CAPS**

When a chimney is present and missing a cap, a maximum of one cap per chimney and a maximum of two per property may be placed.

**CLEAN, REPAIR AND REATTACH GUTTERS**

Servicers may use the clean gutter allowable to clean existing gutters.

Servicers may use the repair gutter allowable to repair or reattach the existing gutters; this includes rerouting the downspout to divert the water away from the house when the overflow has caused interior damage.

**SNOW REMOVAL**

Properties are to be cleared of snow and ice for access or when required by local ordinance/association.

Bids to remove snow and ice must include the following information:

- reason for snow removal (access or local ordinance);
- location to be cleared (driveway, sidewalk, etc.);
- dimensions of right of ways to be cleared (depth, length, and width or square feet);

- method to remove the snow or ice (plow, shovel or products to be used); and
- a copy of the local ordinance, if applicable.

## REPAIR OR REPLACE SUMP PUMPS

When the property is designed to have a sump pump to keep the basement or crawl space dry, the servicer must check the sump pump to make sure it is operational. The sump pump must be plugged into an active power source.

When the sump pump is inoperable, the servicer must use the allowable to repair or replace the pump, plumbing or electric lines to the sump pump. The sump pump and electricity must be verified as operational within **7 calendar days** of the electricity being transferred into servicer's name. When electricity cannot be restored due to electrical damages, bids must be submitted. The allowable may be used to reroute or extend the exterior discharge hose to divert the water away from the house when the overflow has caused interior damage.

## UTILITIES

When utilities (electricity/gas/water) are shared with another unit or electricity is required to operate a sump pump, servicers must transfer the utility(ies) into their name within **15 calendar days** of initial securing. The allowable includes verification utilities are transferred/connected/disconnected and wait time to meet with utility company, if necessary.

Water is required to be shut off curbside and at the main interior water supply. If it is not possible to shut off the water at the curb due to damages, shut water off at the main interior water supply and submit bids to repair shut off curbside.

## EMERGENCY REPAIRS

Most emergency repairs can be completed by utilizing alternate allowable thresholds. The emergency allowable should be used only when an immediate response is necessary to prevent damage. Gradual or progressive deterioration or lack of property maintenance does not qualify as an emergency. When using the emergency allowable, the servicer must ensure the source has been cured. If the source cannot be cured within the allowable, the servicer is to submit bids via HomeTracker.

*Example:* All property inspections have been completed in accordance with *Servicing Guide* requirements. The first time vacant date is June 1, 2012 and the initial secure date is June 5, 2012. During the initial secure, the servicer notices the basement is flooded as a result of a failed sump pump. Water needs to be pumped out to prevent additional damage to the property and the sump pump needs repaired/replaced to prevent future flooding. The bid to pump the basement is \$400; the servicer will use the emergency allowable to pump the water from the basement and the sump pump allowable to repair/replace the sump pump.

## G. Loans in Bankruptcy and Loss Mitigation

### ***Bankruptcy***

Servicers must consult with their legal department or bankruptcy attorney when addressing preservation issues for vacant properties in bankruptcy. Servicers must contact the debtor's counsel and request permission to proceed with property preservation efforts at the first time vacancy date and when preservation work is noted by any subsequent vacant inspection.

When submitting bids on properties that are in or have been in bankruptcy, the servicer must provide the following information in the case notes icon from the P&P screen in HomeTracker:

- the date on which bankruptcy was filed;

- the date on which bankruptcy ended, if applicable;
- each date the property was reported vacant during bankruptcy; and
- each date the debtor's counsel was contacted to request approval to preserve and protect the property and if that request was approved or denied.

### ***Properties in Loss Mitigation***

It is the servicer's responsibility to maintain vacant properties regardless of loss mitigation status. When a servicer chooses not to complete maintenance during loss mitigation activities, for each reported vacancy, the servicer must contact the borrower or a legally responsible party for the mortgage note to confirm that the property is being maintained. The real estate agent or broker listing a property is not considered a legally responsible party.

The servicer is responsible for ensuring the property is preserved and maintained even if the servicer allows the real estate agent or broker listing a property to preserve and maintain on the servicer's behalf.

When submitting bids on properties that are in or have been in loss mitigation, the servicer must provide the following information in the case notes icon from the P&P screen in HomeTracker:

- each date on which the property was reported vacant during loss mitigation, and
- for each vacant inspection during loss mitigation, each date on which the borrower or a legally responsible party confirmed the property was being maintained.

## **H. Damaged Properties**

When damages are found that may result in further damage to the property if not addressed, the servicer must attempt to repair those damages using the allowable(s). When the cost to repair such damage exceeds the allowable(s), servicers must submit over allowable bid(s) to repair the damage within **15 calendar days** of the first time vacant date or the date of discovery, whichever comes later, as a HomeTracker bid request.

When submitting bids to Fannie Mae for over allowable repairs to mitigate further damage to the property, the servicer must provide the following *Damage Property Information* in the case notes icon from the P&P screen in HomeTracker:

1. Provide a list of all inspection completion dates with occupancy status.
2. Provide the date on which the servicer gained access to complete the initial secure.
3. Attach all photos and maintenance results of the initial secure.
4. Provide each type of over allowable preservation damage.
5. Provide the date each over allowable preservation damage was first discovered.
6. Provide an estimated cost to repair each reported preservation damage to a fair marketable condition and local ordinance/association standards.
7. Provide the cause/source of each damage reported.
8. Provide insurance information for each reported damage:
  - a. the date of loss;
  - b. the status of the claim;
  - c. If funds were received, provide the amount ;
  - d. If claim was denied, provide the reason; or
  - e. If claim was not filed, provide the reason.

An insurance claim must be filed on insurable damages prior to repairs being made. Once funds have been received, the servicer must send the *Report of Hazard Insurance Loss (Form 176)* to [hazard\\_loss@fanniemae.com](mailto:hazard_loss@fanniemae.com).

The servicer will have **7 calendar days** from the Fannie Mae bid response date to submit requested secondary bids and additional information for reconsideration.

### ***Discoloration***

Discoloration is a potential hazard caused by moisture resulting from a specific source. Action must be taken to preserve the property with minimal impact to the existing livable structure(s).

Bids must include both curing the source and preventing continued spread of discoloration. When the source has been previously addressed, provide supporting documentation of the repairs including interior and exterior photos.

Bids to address discoloration for the main dwelling and detached livable structures must include the following in the bid line item comments:

- dimensions of the affected area (length and width and square footage),
- specific interior location of the damage (for example, the corner of the kitchen ceiling above the sink),
- suggested method of prevention,
- explanation of how the source is being cured, and
- provide the *Damage Property Information* in the case notes icon from the P&P screen in HomeTracker

### ***Flood Damage***

When the property is flooded or has previously been flooded, appropriate measures must be taken to preserve the property.

Bids reporting flood damages in a basement must include the following in the case notes icon from the P&P screen in HomeTracker:

- advise if there is a crock present for a sump pump,
- advise if the sump pump is present,
- advise if the sump pump has been replaced if missing or broken,
- provide the date electric was transferred into the servicer's name,
- provide the date electrical service was validated via interior inspection,
- provide the date the sump pump was verified operational following confirmation of electrical service, and
- provide the *Damage Property Information*.

Bids reporting all other flood damages must include the following in the case notes icon from the P&P screen in HomeTracker:

- provide the *Damage Property Information*.

## **Freeze Damages and Broken/Missing Pipes**

When the property has freeze damage or broken/missing pipes, bids to repair the plumbing must be submitted. The servicer must ensure that the water is off at the main interior water supply and at the curb. The servicer must cap the water lines when needed.

Bids to repair freeze damage and broken/missing pipe bids must include the following in the case notes icon from the P&P screen in HomeTracker:

- each date the property was winterized,
- whether each winterization was full or partial,
- whether the system held pressure during each winterization,
- date the water was turned off at the main interior water supply and at the curb, and
- provide the *Damage Property Information*.

## **Roof Damage**

When a roof leak is discovered, appropriate measures must be taken to preserve the property by stopping the leak. When a roof has been tarped, the servicer must complete monthly inspections of the interior and exterior to validate the effectiveness of the tarp. When the tarp becomes ineffective, servicers must submit bids to tarp/patch/repair per the guidelines.

Bids to tarp/patch/repair/replace roofs for all affected areas must include the following in the bid line item comments:

- the dimensions of the affected area (length and width or square footage),
- the specific interior location of the damage (for example, the corner of the kitchen ceiling above the sink),
- full photo documentation including interior and exterior photos where leak is present, and
- the *Damage Property Information* in the case notes icon from the P&P screen in HomeTracker.

## **Roof Patch/Repair**

When the cost to patch/repair an area of the roof exceeds the allowable, a bid to tarp and a bid to repair must be submitted simultaneously. Flat roofs only require a bid to repair. The allowable includes the repair of chimneys, skylights, stack pipes, roof vents, and shingles. It also includes the removal of a tarp that has been previously installed.

## **Roof Replacement**

Fannie Mae does not encourage replacing roofs prior to foreclosure. When the servicer determines that this is necessary, a bid to tarp and two estimates to replace the entire roof are required simultaneously. Roof replacement bids must be from two separate certified roofing contractors and their line by line estimates must be attached.

# **I. Code Violations**

## **Code Violations**

The servicer must cure each violation within **15 calendar days** of the servicer's notification of the violation by mail, phone call, posted violation, inspection/maintenance results or any other reliable source. In cases where



the cost to cure exceeds the allowable, the servicer must provide a bid via HomeTracker within **15 calendar days** of the servicer's notification.

Bids to cure code violations must include the following:

- the exact method preferred by the municipality/association to cure the violation(s);
- the date on which the servicer first received each violation(s);
- advise if there are any fines/fees/liens that have been assessed or are accumulating and at what frequency (for example, \$10,000 lien for the roof, fines are accruing at \$500 per day beginning January 1, 2012.); and
- attach all legible copies of violation(s).

If a violation occurred as the result of servicer error, the curing of the violation and all related fees and/or fines are non-reimbursable and must be paid by the servicer prior to foreclosure sale date.

### **VACANT PROPERTY REGISTRATION (VPR)**

When required, servicer must follow local ordinance to register a vacant property. Reimbursement will be provided for the registration fee. When there are fees, fines, or liens that are assessed for late registration, these fees must be paid at the servicer's expense.

### **DEMOLITION OR CONDEMNATION**

When a servicer receives notification regarding a potential demolition or condemnation, certain steps must be taken to ensure that Fannie Mae's interests are protected. The servicer must provide the following information to Fannie Mae within **15 calendar days** of the servicer's notification of the demolition or condemnation by mail, phone call, posted violation, inspection/maintenance results, or any other reliable source.

Demolition bids must include the following information:

- two demolition bids and two repair bids simultaneously;
- the *Damage Property Information* in the case notes icon from the P&P screen in HomeTracker;
- the date the servicer first received each violations, demolition, or condemnation notices;
- any fines/fees/liens that have been assessed or are accumulating and at what frequency (for example, \$10,000 lien for the roof damage and fines accruing at \$500 per day beginning January 1, 2012);
- city code enforcement name, phone number, email address, and any other relevant contact information;
- copies of all demolition notices, violations, actual inspections, and photos;
- each attachment labeled with a description in the Comment field when uploading (*Examples include:* Inspection 01/01/2012; Roof Damages 01/01/2012; Violation Notice posted 12/02/2011; Demolition Notice dated 12/02/2011; Hearing Notice scheduled for 02/12/2012; etc.); and
- hearing information:
  - a. the date of the hearing,
  - b. the outcome of the hearing (for example, Demolish Order has been approved. City will proceed or hearing has been rescheduled.),
  - c. the date on which the city obtained the permits for the demolition, and
  - d. the date the demolition is scheduled to begin.

NOTE: *Servicers should be prepared to submit an interior/exterior BPO and full loss analysis upon request. Property Cost Management will review and forward all necessary information to the National Servicing Organization, which will then provide direction to the servicer.*

## J. Completion of Work

When bids have been approved by Fannie Mae, the servicer will have **15 calendar days** from the time of the approval to complete work. The servicer will have **15 calendar days** from work completion date to report work completion to Fannie Mae via HomeTracker. When the servicer has been instructed to repair damages at their expense, a status update should be reported to Fannie Mae via HomeTracker within **15 calendar days** of advisement, outlining the servicer's intentions to complete the repairs restoring all damages caused by servicer error to fair, marketable condition.

The following information should be provided as attachments in HomeTracker when reporting completion of repairs:

- the dates on which the work was begun and completed;
- the scope of work completed with a line by line description of repairs; and
- complete view (color photos of the entire area where damages occurred) of before, during, and after photos.

Additional information and comments should be provided in the case notes icon from the P&P screen in HomeTracker.

Fannie Mae reserves the right to pursue remedies per the *Servicing Guide* when servicers have not met the required timeframes and/or performance of work.

**Table D: Timelines and Completion Schedules**

	<b>Calendar Days to Address/Report</b>	<b>Measure</b>
Securing	7	First Time Vacant Date
Initial Lawn	10	First Time Vacant Date or Grass Cut Season Start Date (Whichever Comes Later)
Initial Lawn - Over Allowable Bid	15	First Time Vacant Date or Grass Cut Season Start Date (Whichever Comes Later)
Trim Trees/Shrubs/Vines	10	First Time Vacant Date or Grass Cut Season Start Date (Whichever Comes Later)
Trim Trees/Shrubs/Vines - Over Allowable Bid	15	First Time Vacant Date or Grass Cut Season Start Date (Whichever Comes Later)
Winterizations	*7 / 15	First Time Vacant Date or Winterization Season Start Date (Whichever comes later) *Refer to Section C, Winterizations
Re-Winterization	7	Compromised Winterization Discovery Date or Winterization Season Start Date (Whichever Comes Later)
Transfer of Utilities into Servicer Name	10	Initial Securing (When sump pump is present or required; When utilities are shared with another occupied unit)
Verification of Operational Sump Pump	7	Electricity Being Transferred into the Servicer's Name
Over Allowable Preservation Bids	15	First Time Vacant Date or Date of Discovery (Whichever Comes Later)
Secondary Bids/Subsequent Bids/Supporting Information	7	Fannie Mae Bid Response Date and/or Fannie Mae Information Request Date
Code Violation	15	Servicer Notification of Violation
Demolition/Condemnation Notice	15	Servicer Notification of Demolition/Condemnation
Completion of Work	15	Fannie Mae Approval of Bid
Report Completion of Work	15	Work Completion Date
Status Update for Repairs to be Completed at Servicer Expense	15	Fannie Mae Advisement of Servicer Responsibility