



Servicer Expense Reimbursement Job Aid

Effective September 19, 2018

In an ongoing effort to simplify the communication between Fannie Mae and servicers, Fannie Mae has updated this job aid to provide additional guidance on completing requests for expense reimbursements. To the extent this job aid may conflict with the *Guides*, the terms of the *Guides* will govern.

This Servicer Expense Reimbursement Job Aid supplements the *Servicing Guide*. Servicers remain responsible for following the *Selling and Servicing Guides*, *Servicing Guide Procedures*, *Announcements*, *Lender Letters*, and *Delegations of Authority*, collectively, the “*Guides*.”

NOTE: *The information contained in this document is not applicable to expenses incurred for Reverse Mortgages.*



Table of Contents

Servicer Expense Reimbursement Job Aid.....	1
General Information.....	4
Servicer Expense Process Flow	4
When to Submit an Expense Reimbursement Claim.....	5
Initial and Supplemental Claims	5
Final Claim.....	5
Where to Submit an Expense Reimbursement Claim	5
Fannie Mae Expense Reimbursement Reviews.....	6
Pre-Payment Review	6
Post-Payment Review.....	8
Payment Information.....	9
Expense Types.....	10
Expenses for FHA, VA or Rural HUD Reimbursement.....	10
Expenses for Third Party Sales.....	10
Attorney's Fees and Costs.....	10
Attorney Transfers	10
Bankruptcy Fees.....	11
Court Costs.....	11
Deed-in-Lieu (DIL) Doc Prep Fees.....	11
Filing Costs	11
Foreclosure Fees.....	11
Mediation	12
Publication Costs	12
Recording Costs	12
Recording Fees for Paid Off Loans	12
Sales Tax on Legal Fees	12
Service Costs.....	13
Sheriff's Fees & Costs	13
Title Costs.....	13
Cash for Keys / DIL Relocation Expense	13
Condominium Owner's Association (COA) / Homeowner's Association (HOA) Dues and Other Expenses..	13
Cooperative Corporation (Co-Op) Expenses.....	14
Escrow Expenses	14



Ground Rent	15
Liens.....	16
Mortgage Insurance.....	16
Non-Recoverable Advances	16
Property Inspections	17
Property Preservation	18
Technology Fees	18
Utilities.....	18
Vacant Property Registration	20
Valuations.....	20
Helpful Information	21
Black Knight, Inc. (BKI) Desktop Batch Upload Function	21
Fannie Mae Learning Center	21
Fannie Mae Servicing Solutions.....	21
Inquiry Response Tool (IRT).....	21
Common Exceptions in Claims	22
Frequently Asked Questions.....	23
General Submission Q&As	23
Expense Q&As	24
System Q&As	25
List of Servicer Expense Reimbursement Job Aid Revisions for September 2018	26

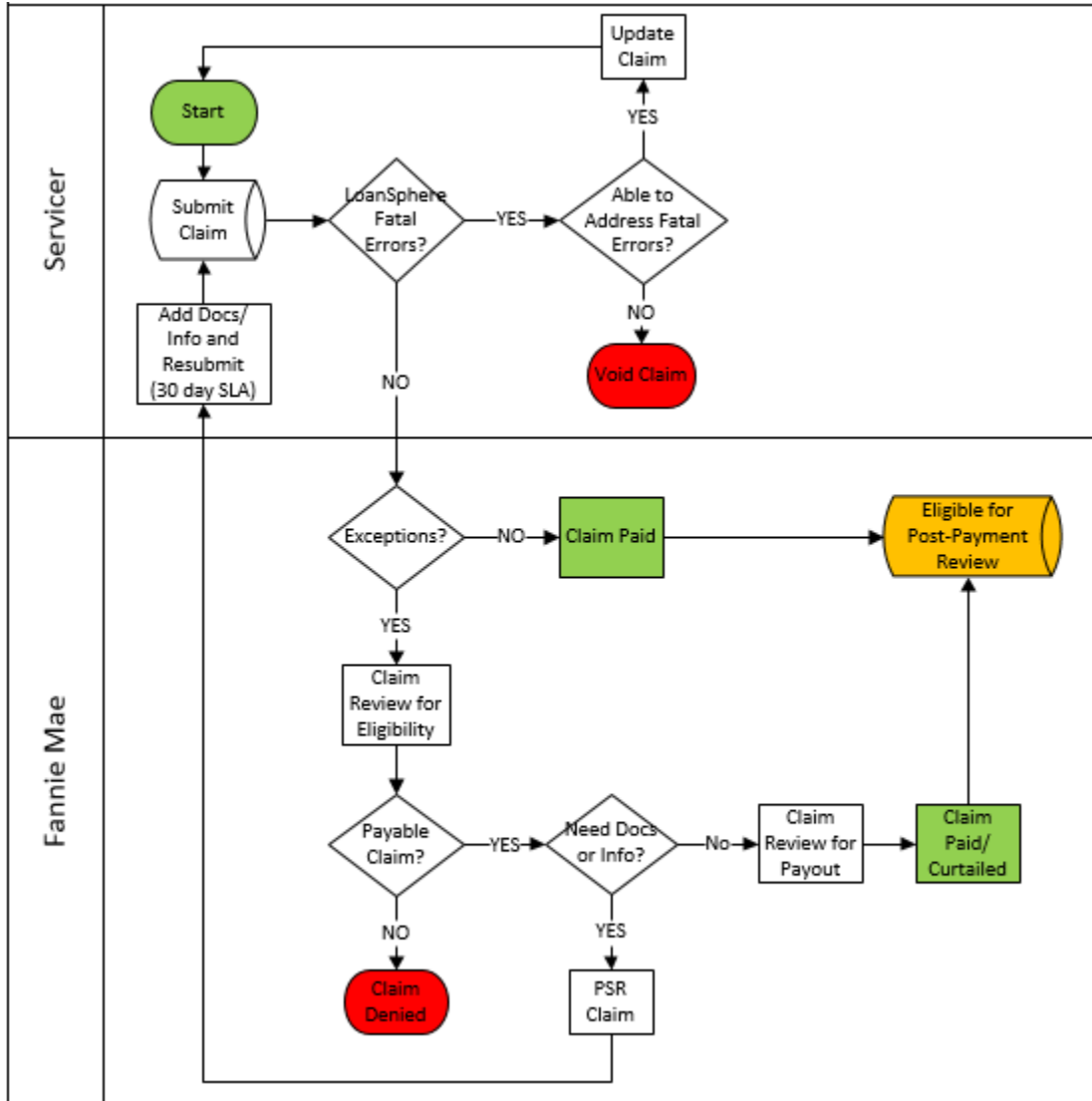


General Information

This section provides general information about the submission process for servicer expense reimbursement claims.

Servicer Expense Process Flow

The flowchart below represents the process flow for servicer expense claims submitted in Black Knight, Inc. (BKI) LoanSphere Invoicing™.





When to Submit an Expense Reimbursement Claim

Servicers must be familiar with Fannie Mae's policies found in the *Guides* ([Fannie Mae Servicing Guide E-5-01: Requesting Reimbursement for Expenses](#)) before submitting requests for reimbursement of expenses.

Initial and Supplemental Claims

Fannie Mae will allow the servicer to submit requests for reimbursement as soon as possible after incurring an expense. Fannie Mae does not limit the number of supplemental claims.

Final Claim

For conventional mortgage loans, all expense reimbursement claims must be filed within 60 days of the applicable milestone:

- The completion of a workout option (including a mortgage loan modification or short sale),
- A third-party sale is completed in accordance with *E-3.5-02, Handling Third-Party Sales*,
- The date the mortgage loan is reinstated or paid off (see *E-5-05, Prorated Attorney Fees / Reimbursement of Uncollected Fees, Costs or Advances*) or
- Fannie Mae disposes of a property acquired through foreclosure sale or a Fannie Mae Mortgage Release (deed-in-lieu of foreclosure).

For government mortgage loans, the applicable milestone is 60 days after the date the final FHA, VA or RD claim proceeds are submitted to Fannie Mae.

Servicers are responsible for monitoring the property at each milestone event and ensuring all claims are submitted timely. The Asset Management Network (AMN) system is a web-based application which allows servicers to monitor the status of properties. The REO Sale Date or Disposition Event Date is the date a property was sold via a direct sale, third party sale or short sale.

NOTE: All claims submitted more than 60 days after the above described events may be denied for late claim filing.

Where to Submit an Expense Reimbursement Claim

LoanSphere Invoicing™ System is a web-based expense reimbursement system that allows servicers to consolidate invoice processing and expense reimbursement claims into one application, creating a more seamless expense reimbursement experience. It is also the system Fannie Mae uses to decision claims.

A servicer may request reimbursement for advances made on behalf of Fannie Mae by submitting a request for reimbursement in the [LoanSphere Invoicing](#) system. LoanSphere Invoicing validates claims against specific loan and expense data and will [generate exceptions](#) for Fannie Mae processors to review. The validation process only runs between 8 AM ET and 10 PM ET. Claims submitted outside of these time frames will have a claim tag of *Pending Validation*.

For more details on the [LoanSphere Invoicing](#) system, reference the online Help section within the application (LoanSphere Home Page > Help > Claims). There are other support modules within the Help section that may also be beneficial to review.

Reference the [Servicer Expense Reimbursement Line Items in LoanSphere Invoicing](#) document for a list of expense categories and subcategories available for a claim in LoanSphere Invoicing.



Fannie Mae Expense Reimbursement Reviews

Fannie Mae has updated the methodology used for reviewing expenses incurred during loss mitigation and foreclosure activities. Expenses may be reviewed prior to the decisioning of a claim ([pre-payment review](#)), or after the decisioning of the claim ([post-payment review](#)). A servicer is required to maintain all invoices, and provide invoices at any point if requested by Fannie Mae as outlined in [Fannie Mae Servicing Guide F-1-05: Expense Reimbursement](#).

Pre-Payment Review

Claims not eligible for automatic approval are selected for a pre-payment review; however, not all pre-payment reviews require supporting documentation. If Fannie Mae requires additional information, the expense will be marked for review and the claim will be changed to Pending Submitter Review status.

If the claim is returned without the requested information, the expense will be denied or curtailed.

Pending Submitter Review (PSR) Status

Pending Submitter Review (PSR) is a status within LoanSphere Invoicing™ used to request additional information from the servicer when necessary.

- Servicers can only adjust line items while a claim is in PSR if it has been marked for review.
- Claims in this status are **only** editable by servicers.
- Servicers are expected to review this queue regularly.
- Servicers are expected to provide the requested information and return the claim within 30 days of when the claim was put into PSR.
- If the claim is not returned timely, it may be denied.

Supporting Documentation for Pre-Payment Review Requests

Fannie Mae will request supporting documentation when expenses are selected for a pre-payment review. The expenses that require an additional review against documentation will be clearly indicated in the Investor Comments. Below are commonly reviewed expenses and examples of Fannie Mae's preferred documentation:

Expense Type	Supporting Documentation Examples
Homeowners Association/Condo Association Assessments (COA/HOA) Assessments, Dues and/or Other COA/HOA Related Expenses	Include one of the following: <ul style="list-style-type: none"> • Detailed COA/HOA invoice • COA/HOA payment coupon or itemized statement for late fees showing time period • Ledger statement (with payment history) • Invoice from attorney or property management firm • Copy of recorded lien and release of lien
Legal Fees and Costs	Attorneys' Invoices
Liens	Recorded lien
Mortgage Insurance (MI)	Mortgage Insurance Certificate
Municipal Violations	Violation from municipality or third party vendor
Property Insurance (Flood, Hazard, Wind)	Supporting documentation is considered sufficient when it comes from the insurance company and contains the following data: <ul style="list-style-type: none"> • Insurance Company Name • Property Address or servicer loan number



	<ul style="list-style-type: none"> • Coverage Period • Premium Amount <p>Examples include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Declaration pages • Evidence of Insurance • Notice of Insurance • EDI (Electronic Data Interchange)
Recurring (Ongoing) Property Inspections	Invoice from property inspection vendor
Sheriff's Fees and Costs	<p>Itemized Sheriff's Cost Sheet</p> <p>If the servicer cannot provide a Sheriff's Cost Sheet, a comment on the claim is needed. The servicer must provide alternate documentation as referenced in Servicing Notice announcement https://www.fanniemae.com/content/announcement/ntce010913.pdf</p>
Taxes, Tax Penalties and Interest	<p>Supporting documentation is considered sufficient when it contains the following data:</p> <ul style="list-style-type: none"> • Tax amount itemized to list tax penalties and interest, if applicable • Type of tax or municipality (city, county, school, etc.) • Due date, and service dates or coverage dates • If applicable, the date the tax discount expires and/or the tax payment date <p>Note: A screen print from the servicer's system is not acceptable supporting documentation.</p>
Utility Bills	Invoices showing utility company name, dates of service, address of property.
Vacant Property Registration	Vacant Property Registration on official form from municipality or third party invoice showing property address.



Post-Payment Review

All claims are eligible for a post-payment review. If additional information is necessary to complete the review, Fannie Mae will request additional information or supporting documentation through the Post-Payment Documentation Request Portal. If supporting documentation cannot be provided, the servicer may be required to reimburse Fannie Mae for the amount that was paid.

Post Payment Documentation Request Portal

Servicers will receive an email request from the Post-Payment Documentation Request Portal.



The request should be acknowledged within 10 days of receiving the request for documentation. Detailed information about the Post-Payment Documentation Request Portal can be found on the Fannie Mae Servicer Expense Reimbursement site: https://www.fanniemae.com/content/job_aid/servicer-expense-reimbursement-post-payment-documentation-request.pdf

If you have any questions or concerns about the post-payment review process, please contact: disbursements_research@fanniemae.com.



Payment Information

Automated Clearinghouse (ACH) is the primary method by which expense reimbursement funds are disbursed.

To confirm a check or an ACH notification has been sent, the check number, with the amount of the check and the date it was issued is available in Asset Management Network (AMN).

If the check or an ACH payment has not been received, please contact the Fannie Mae Accounting Department via email at FannieMae_REO_Disbursements@fanniemae.com. Please ensure the following information is included in the request:

- Amount of check
- Check date
- Check number (ACH disbursements begin with a 6)
- Fannie Mae 10-digit loan number
- Purpose of inquiry

If the bank account information or ACH email address requires an update, please contact the Fannie Mae REO Vendor Department by emailing REO_vendors@fanniemae.com regarding any ACH related questions.

Please ensure the following information is included in the request:

- ACH# (should start with a 6)
- Additional information as appropriate
- Vendor ID number



Expense Types

Expenses for FHA, VA or Rural HUD Reimbursement

Expenses associated with FHA, VA or Rural HUD loans must be pre-approved by the Fannie Mae Government Claims team. Fannie Mae will reimburse up to the pre-approval amount. If expenses are not pre-approved, the claim will be denied until pre-approval has been provided. Contact the [Fannie Mae Government Claims Team](#) for any questions or additional details.

Pre-approved expenses associated with these loans should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
20	General Services	159	FHA/VA/Rural HUD Reimbursement

Expenses for Third Party Sales

Expenses for third party sales may be pre-approved by the Fannie Mae. If expenses are not pre-approved, they will be reimbursed to the standard reimbursement guidelines for conventional foreclosed loans. Contact the [Fannie Mae Third Party Sales Team](#) for any questions or additional details.

Expenses associated with a third party sale that are pre-approved by the Fannie Mae should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
20	General Services	161	Third Party Sales Reimbursement

Attorney's Fees and Costs

Attorney's fees associated with bankruptcy or foreclosure are paid up to the Fannie Mae published allowable. Additional fees may be pre-approved using the Excess Fee approval process. Servicers needing access to the Attorney Authorization Approval (AAA) Matrix must contact their Fannie Mae Technology Manager and request Legal Documents access to the Fannie Mae business portal.

Attorney's costs associated with a bankruptcy, foreclosure or other legal proceedings are requested on separate line items from attorney's fees. Additional information about these expenses is provided below.

Attorney Transfers

When Fannie Mae instructs servicers to transfer any legal matter from one attorney to another, an attorney file review fee is reimbursable. The servicer should clearly indicate the specific firms involved in the transfer within the expense details. All other attorney transfers require excess fee approval to be reimbursed by Fannie Mae.

Attorney Transfer File Reviews should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
1	Attorney Fees	838	FC – Transfer File Review Fee



Bankruptcy Fees

The current Fannie Mae bankruptcy attorney's fee schedule is available at:
www.fanniemae.com/content/guide_exhibit/allowable-bankruptcy-attorney-fees.pdf.

Attorneys are responsible for seeking approval from the Fannie Mae Excess Fees and Costs Team for any reimbursable bankruptcy attorney's fees not covered by an allowable bankruptcy fee. Attorneys must follow Fannie Mae's established excess fee request process using the LoanSphere Invoicing System Investor Pre-Approval (IPA) module. Servicers should send inquiries about the excess fee process via the Inquiry Response Tool (IRT) or by contacting their Servicing Management representative.

All bankruptcy claims must include the following information in the line item "Detail":

- Case Number
- Chapter Number
- Filing Date

Note: If these fields are not populated, the claim is placed into a **Hold** status upon submission.

Court Costs

Court costs may include a court-appointed representative as well as court transcripts or hearings. Documentation may be requested to support the expense.

Deed-in-Lieu (DIL) Doc Prep Fees

An attorney may charge an additional cost to prepare documentation specifically for Deed-in-Lieu of Foreclosures. This cost is reimbursable once during the life of the loan and only if there is a closed Deed-in-Lieu.

Deed-in-Lieu Documentation Preparation Fees should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
22	Default Services Fee	1647	Deed-in-Lieu Doc Prep Fee

Filing Costs

Filing costs may be required for both bankruptcy and foreclosure filings. Documentation may be requested to support the expense.

Foreclosure Fees

Fannie Mae posts the current life of loan allowable foreclosure attorney's fees at:
www.fanniemae.com/content/guide_exhibit/allowable-attorney-trustee-foreclosure-fees.pdf.

The allowable foreclosure attorney's fees are dependent on the date the loan was referred to foreclosure and/or the actual foreclosure date. To ensure the accurate reimbursement of foreclosure attorney's fees, servicers must populate the foreclosure referral date within the 'Referral Date' field in the expense line item details. If the referral date field is not populated, the claim is placed into a Hold status upon submission.

Attorneys are responsible for seeking approval from the Fannie Mae Excess Fees and Costs Team for any reimbursable foreclosure attorney's fees not covered by an allowable foreclosure fee. Attorneys must follow Fannie Mae's established excess fee request process using the LoanSphere Invoicing System IPA module.



Mediation

The current Fannie Mae life of loan allowable mediation fees are available in the AAA Matrix. Servicers needing access to the Attorney Authorization Approval (AAA) Matrix must contact their Fannie Mae Technology Manager and request Legal Documents access to the Fannie Mae business portal.

Attorneys are responsible for seeking approval from the Fannie Mae Excess Fees and Costs Team for any reimbursable mediation fees not covered by the allowable amount. Attorneys must follow Fannie Mae's established excess fee request process using the LoanSphere Invoicing™ System IPA module.

Publication Costs

Effective January 1, 2018, Fannie Mae will reimburse one publication sale cost per delinquency. If multiple publication costs are incurred for the same foreclosure sale, servicers should aggregate the expenses into one request for reimbursement. This change is in accordance with [Servicing Guide Announcement SVC-2017-09](#) which states, in the event a foreclosure sale is rescheduled or the foreclosure is restarted, excess costs approval is required for expenses associated with additional foreclosure sale publication costs. Servicers should send inquiries about the excess costs process via the Inquiry Response Tool (IRT) or to their Servicing Management representative.

Documentation may be requested to support the expense.

Recording Costs

Recording costs may include discharges/dismissals, foreclosure registrations, notices of default or sale, deed-in-lieu (DIL) or foreclosure deed recordings, and e-recordings. Documentation may be requested to support the expense.

Recording costs may also include transfer taxes, also known as document stamps, and mortgage taxes. Transfer taxes are always reimbursable if there is a closed DIL for the loan. If there is no closed DIL, transfer taxes are reimbursed on a case-by-case basis. Documentation may be requested to support the expense. Mortgage taxes may be required in some states as part of a modification. They are only reimbursable in Alabama, Florida, Kansas, Oklahoma, Minnesota, New York and Tennessee. Documentation may be requested to support these expenses.

Recording Fees for Paid Off Loans

Recording Fees for performing, paid-off loans are not processed through LoanSphere Invoicing. Servicers unable to legally charge the borrower for recording fees in connection with a paid-off loan may request reimbursement quarterly by emailing recording_fees@fanniemae.com. Initial submission instructions and request of the template can be obtained by emailing the same email address.

Sales Tax on Legal Fees

Effective January 1, 2018, a new expense line item within LoanSphere Invoicing is available for legal sales tax. This line item is reimbursable only for the sales tax incurred on the attorney's general excise taxes in Hawaii and attorney's gross receipts tax in New Mexico. Sales taxes incurred on other costs (legal or otherwise) are not reimbursable under this line item. Documentation may be requested to support this expense.

Legal Sales Tax should be submitted using the LoanSphere Invoicing line item below.

Category ID	Category	Subcategory ID	Subcategory
1	Attorney Fees	991	Legal Sales Tax



Service Costs

Service costs may include mailing expenses, notary costs, service of process costs and borrower locating services such as skip traces or private investigator services. Notary costs are only reimbursable when related to a modification or if they were incurred in Puerto Rico. Documentation may be requested to support the expense.

Sheriff's Fees & Costs

Sheriff's fees and costs are expenses incurred by the sheriff's department as part of a foreclosure sale. Sheriff's deposits are not reimbursable unless the cost sheet clearly indicates that the deposit has been credited to the outstanding balance. If the Sheriff's cost sheet includes taxes, the taxes should be filed using tax line items. Documentation may be requested to support the expense.

Title Costs

Effective September 1, 2016, foreclosure title costs are reimbursable up to the published allowable amount. Excess Fee Approval is required for any requests above the allowable amount. See [Servicing Guide Announcement SVC-2016-05](#) for additional information.

Effective September 1, 2018, foreclosure title costs will require the Referral to Foreclosure date. When requesting foreclosure title costs, populate the Referral Date with the referral to foreclosure date otherwise claims will go into Hold status.

Title Costs associated with Bankruptcy, Deed-in-Lieu, or Modifications are also eligible for reimbursement. Documentation may be requested to support the expense.

Cash for Keys / DIL Relocation Expense

Cash for Keys is a way for homeowners to receive cash in exchange for turning in their keys and vacating the property. Fannie Mae will reimburse this expense up to the pre-authorized amount found in AMN once the DIL is closed.

This expense should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
13	Eviction Costs	30	FNMA DIL Relocation Expense

Condominium Owner's Association (COA) / Homeowner's Association (HOA) Dues and Other Expenses

As outlined in the Fannie Mae Servicing Policy Announcements [SVC-2015-14](#), [SVC-2016-04](#), and [SVC-2017-02](#), post foreclosure COA/HOA dues and expenses are no longer the responsibility of the servicer for loans where the foreclosure sale or DIL date is on or after the dates outlined below:

State	Foreclosure Sale / Deed In Lieu Date on or After
Florida	January 1, 2016
Nevada & Illinois	July 1, 2016
All Other States	April 1, 2017



COA and HOA dues for loans that foreclosed prior to the dates listed above are eligible for reimbursement from foreclosure to disposition. Documentation may be requested to support the expense.

Reimbursement of COA/HOA dues outside of that timeframe will be decisioned per the applicable state's statute. State statutes also govern when other COA/HOA expenses such as attorney fees and other fees (interest, late fees, and fines/penalties) should be reimbursed. If the other expenses are permitted by the applicable state, Fannie Mae will reimburse these expenses with supporting documentation. If COA/HOA dues are paid annually, bi-annually, or quarterly, the servicer must indicate how often the dues are paid in the LoanSphere Invoicing™ "Detail."

Late fees, attorney fees, penalties and interest, or any other COA/HOA-related fees should not be included in the dues amount. These expenses are reimbursable per each state statute but must be submitted separately. For information regarding guidelines per state statute, contact the attorney handling the foreclosure.

Estoppel Fees are fees charged for an Estoppel Certification. Estoppel Fees are reimbursable. Documentation may be requested to support the expense.

Cooperative Corporation (Co-Op) Expenses

Fannie Mae reimburses Co-Op dues as well as other associated legal fees and costs. Documentation may be requested to support the expense.

Escrow Expenses

Effective August 1, 2018, Fannie Mae will reimburse real estate taxes, flood and property insurance premiums that the servicer advances to protect our interest in the property when funds in the escrow account are not sufficient to cover these payments. This also applies to non-escrowed mortgage loans. These advances will be eligible for reimbursement without regard to when it was paid in conjunction with the last paid installment.

Escrow advances are reimbursable even if the expenses were incurred prior to the mortgage loan becoming delinquent. For the servicer to request reimbursement for these expenses, the mortgage loan must have subsequently become delinquent. For more information, reference the [Servicing Guide Announcement SVC-2018-04](#).

If a loan is escrowed, the last positive **escrow balance** must be credited to Fannie Mae before taxes and/or insurance will be reimbursed. This credit should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
101	Deductible	1	Escrow Balance (280)

If an escrow was provided to Fannie Mae in error, the servicer may request for it to be returned using the following line item:

Category ID	Category	Subcategory ID	Subcategory
20	General Services	160	Escrow/Refund Provided in Error

Property insurance premiums and their associated **refunds** are reimbursable until 14 days after the property is reported vacant. Documentation may be requested to support the expense. The servicer should indicate if the loan was escrowed or non-escrowed in the LoanSphere Invoicing™ "Detail" when submitting expenses for insurance premiums. The servicer should also indicate whether the policy is homeowner placed or lender placed.



All lender placed policies must be cancelled or expired prior to requesting reimbursement. A refund credit is required for all lender placed policies cancelled prior to the expiration date. If no refund is provided, the insurance premium is not reimbursable. Lender placed policies must be cancelled within 14 days after the property appears on the Vacancy Report in HomeTracker®. Refer to [Fannie Mae Servicing Guide E-4.4-01: Continuing or Canceling Property Insurance Coverage](#) and subsequent announcements for updates.

Fannie Mae generally requires flood insurance for any property that is located in a Special Flood Zone. Lender placed flood premiums will only be reimbursed if the property is located in a Special Flood Zone. A flood certificate is required to validate the property is in a Special Flood Zone.

If insurance types such as wind, hurricane, earthquake, etc. are requested, servicers should document the type of insurance being requested in the “Details” section of the claim line item in LoanSphere Invoicing™.

If an insurance refund was provided to Fannie Mae in error, the servicer may request for it to be returned using the following line item:

Category ID	Category	Subcategory ID	Subcategory
20	General Services	160	Escrow/Refund Provided in Error

Taxes are reimbursable post-origination as long as the property was reported delinquent. Documentation may be requested to support the expense. The servicer should indicate if the loan was escrowed or non-escrowed in the LoanSphere Invoicing™ “Detail” when submitting expenses for taxes.

Servicers must be familiar with current Fannie Mae policies before submitting requests for reimbursement of taxes. Refer to *Requesting Reimbursement for Escrow Advances* as well as the *Defined Expense Reimbursement Limits* within [Fannie Mae Servicing Guide F-1-05](#) for guidelines.

As outlined in the Fannie Mae Servicing Policy Announcements [SVC-2016-05](#) and [SVC-2017-05](#), Post-Foreclosure Property Taxes are no longer the responsibility of the servicer for loans where the Foreclosure Sale or Deed in Lieu date is on or after the dates outlined below:

State	Foreclosure Sale / Deed In Lieu Date on or After
Florida	August 1, 2016
All Other States	August 1, 2017

Ground Rent

Documentation may be requested to support expenses associated with Ground Rent for a Leasehold Properties. This expense should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
20	General Services	176	Ground Rent on Leasehold Property



Liens

Liens are reimbursable on a case-by-case basis depending on the type of lien. Liens will often require supporting documentation to support the expense. Fannie Mae may also require a copy of the recorded lien and a copy of the release of the lien. Fannie Mae will not reimburse liens that are a result of servicer negligence. Additional information about specific lien types are outlined below.

COA/HOA Liens are reimbursable based on the state statute or Fannie Mae's pre-approval. For information regarding guidelines per state statute, contact the attorney handling the foreclosure.

Property Preservation Code Violations/Liens, Municipality Lien's and **Mechanic's Liens** are reimbursable as long as the code violation or lien was not due to servicer negligence.

DIL Lien and **Second Lien Considerations** are reimbursed to a pre-authorized amount included in the closed HSSN case.

Tax Liens can be placed due to unpaid taxes or unpaid utilities eventually added to the tax bill. The Tax Lien line item should only be used if the lien is related to unpaid taxes. Unpaid utilities should be requested to be reimbursed using the delinquent utility's line item.

Mortgage Insurance

Mortgage Insurance (MI) is reimbursable from last paid installment through the foreclosure month. Future dated MI is not reimbursable. Documentation may be requested to support the expense.

Non-Recoverable Advances

Expenses incurred in connection with a reinstatement, payoff, or modification should be paid by the borrower or third party purchaser. Fannie Mae will only reimburse servicers if the expense is determined to be legally non-recoverable. Fannie Mae does not reimburse servicers for recoverable advances a servicer fails to collect. Documentation may be requested to support the expense.

LoanSphere Invoicing includes a Non-Recoverable indicator on every line item. Servicers must select this indicator when requesting reimbursement for any legally non-recoverable expense. Fannie Mae technology fees, disaster inspections on current properties, and administrative costs associated with modifications are all non-recoverable advances that should always include the Non-Recoverable indicator. See screenshot below.

The screenshot shows a software window titled "Add Claim Line Item". Inside, there is a section titled "Line Items Submitted for Payment". Below this title are several input fields: "Department:" (dropdown menu), "Category:" (dropdown menu), "Subcategory:" (dropdown menu), "Non-Recoverable:" (checkbox, checked, highlighted with a red box), "Service From Date:" (text input with calendar icon), "Date:" (text input with calendar icon), "Qty:" (text input with value 0), "Unit Price:" (text input with value 0), and "Description:" (text input). At the bottom right of the window are "OK" and "Cancel" buttons.



Property Inspections

Recurring property inspections are required for all delinquent properties. The line items require a Service From and Service To date and require the total cost of all property inspections performed within the time frame.

For example: If three (3) exterior inspections were performed for \$15.00 each between January and March of 2016, servicers should submit a claim using the Subcategory *Exterior Property Inspections*, with a Service From Date of 01/01/2016 and a Service To Date of 03/31/2016. The requested expense should have a quantity of three (3) for \$15 equaling a total requested amount of \$45.00. **NOTE:** Quantity should always be a whole number.

The applicable interior/exterior property inspection line item(s) should be utilized for court-ordered inspections in the territory of Puerto Rico.

Category ID	Category	Subcategory ID	Subcategory
19	Property Services	8029	Exterior Property Inspection
19	Property Services	8030	Interior Property Inspection

In addition to the recurring (ongoing) property inspections, a one-time reimbursement will be allowed for **Attorney Initiated Property Inspections** for expedited foreclosure actions in the State of New Jersey, provided the inspection was conducted to confirm a property is vacant or abandoned. All of the following are or may be required for reimbursement of Attorney Initiated Property Inspections:

- The expense was incurred on or after April 1, 2013.
- The property is located in the State of New Jersey
- The invoice for the inspection must be provided to support the dollar amount.
- A copy of the vacancy certification or a copy of the inspection report must be provided.
- Explanation and/or documentation that the inspection was conducted in connection with an expedited foreclosure.

Category ID	Category	Subcategory ID	Subcategory
19	Property Services	8043	Attorney Initiated Property Inspection

Note: Court ordered inspections in the territory of Puerto Rico should be requested using the Recurring (Ongoing) Property Inspection line items.

Disaster Inspections are performed to verify the integrity of the property after a disaster event. Disaster inspections are only eligible for reimbursement consideration when:

- The expense was incurred on or after August 25, 2017.
- If the expense was incurred on a current mortgage loan, the expense must be submitted for reimbursement within one year of the invoice date.
- The disaster inspection was performed using the property inspection report ([Form 30](#)) or the equivalent.
- If performed on a current loan, the non-recoverable indicator should be flagged.



This property inspection expense should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
19	Property Services	8044	Disaster Inspection

Hazard Loss Repair Inspections are performed to verify the completion of repair work due to a hazard loss and are only eligible for reimbursement consideration when:

- A comment is included if the hazard loss inspection is related to a loss from the 2017 hurricane season and the inspection was incurred on or after August 25, 2017.
- All other hazard loss inspections are only reimbursable if incurred on or after December 13, 2017.
- If the expense was incurred on a current mortgage loan, the expense must be submitted for reimbursement within one year of the invoice date.

This property inspection expense should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
19	Property Services	8045	Hazard Loss Repair Inspection

Specialty Inspections may include electrical inspections, plumbing inspections and/or system checks. Fannie Mae HomeTracker® approval is required for reimbursement of all Specialty Inspections.

This property inspection expense should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
19	Property Services	8021	Specialty Inspection

Property Preservation

Claims submitted for property preservation expenses, such as cleaning, landscaping, and maintenance, must have a completion date that represents the date the expense was incurred. Recurring expenses should not be aggregated without using the Quantity field. If reimbursement is requested for recurring or frequent expenses within similar timeframes, supporting invoices may be required to validate the expense.

Property preservation expenses, with the exception of property inspections, will not be reimbursed until the property is confirmed to be vacant. Servicers must populate the First Time Vacancy (FTV) Date field with the property's vacancy date.

For additional guidelines regarding property preservation, refer to the [Fannie Mae Servicing Guide E-3.2-12: Performing Property Preservation During Foreclosure Proceedings](#), as well as, [Fannie Mae Servicing Guide F-1-05: Expense Reimbursement](#).

Technology Fees

Technology Fees include the BK and FC Electronic Invoice Submissions and the Process Management Technology Usage Fee. The BK and FC Electronic Invoice Submissions are reimbursable up to \$10 for the life of the loan. The Process Management Technology Usage Fee is reimbursable up to \$25 per each reported delinquency. Use the Non-Recoverable Indicator when requesting reimbursement for any of these expenses.

Utilities

There are three expense types that may be associated with the reimbursement of utilities.



Delinquent Utilities are the utilities that were not paid by the homeowner prior to vacating the property. These are expenses inherited by the servicer that need to be paid in order to prevent liens on the property and include the expenses incurred prior to foreclosure action and before the property is vacant. This expense is paid up to the allowable outlined in the Property Preservation matrix, but documentation may also be requested to support the expense.

This type of expense should be submitted using the LoanSphere Invoicing™ line items below.

Category ID	Category	Subcategory ID	Subcategory
19	Property Services	8038	Delinquent Utilities – Electricity
19	Property Services	8039	Delinquent Utilities – Gas
19	Property Services	8040	Delinquent Utilities - Water

Monthly Utilities are the recurring utility expenses necessary to maintain the property during delinquency. These expenses are incurred after the property is vacant through the foreclosure month. This expense is paid up to the allowable outlined in the Property Preservation matrix, but documentation may also be requested to support the expense.

Utility expenses incurred more than 30 days after the foreclosure date are the responsibility of the REO vendor. If the REO vendor has not assumed the responsibility of these expenses, please send the utility bills to servicing_solutions@fanniemae.com. The sales representative will request payment from the REO vendor.

Servicers may be asked to reimburse pre-foreclosure expenses by title/closing department on claims submitted post- foreclosure. The title/closing department may request the servicer to pay a utility bill of an excessive amount. In these instances the servicer can be reimbursed, if the servicer submits the following two documentation requirements:

- The title/closing department's written request to the servicer requesting they pay the bill, and
- A copy of the original bill where the statement amount matches the amount paid by the servicer.

This type of expense should be submitted using the LoanSphere Invoicing™ line items below.

Category ID	Category	Subcategory ID	Subcategory
19	Property Services	8031	Utilities – Electric
19	Property Services	8032	Utilities – Gas
19	Property Services	8033	Utilities - Water

Utility Transfer/Shut off expenses are incurred when cancelling a utility or transitioning the responsibility of this expense to the REO vendor. This expense is paid up to the allowable outlined in the Property Preservation matrix.

This type of expense should be submitted using the LoanSphere Invoicing™ line item below.

Category ID	Category	Subcategory ID	Subcategory
19	Property Services	2079	Utility Transfer/Shut-off



Vacant Property Registration

Vacant Property Registrations may require documentation to support the expense. Servicers may be required to pay a refundable bond to the city in addition to the registration. Since the bond is refundable by the city, Fannie Mae will not reimburse bond funds.

Valuations

Valuation expenses include **Appraisals**, **Automated Valuation Models (AVMs)**, and **Broker Price Opinions (BPOs)**. As of May 1, 2013, servicers order all valuations for liquidations through Fannie Mae directly. See Announcement [SVC-2013-06](#). Valuation expenses related to workout attempts, or court-ordered by a judge during foreclosure, are reimbursable on expense reimbursement claims submitted via LoanSphere. Since each valuation is valid for up to 90 days, valuation costs will only be reimbursed up to four (4) instances per calendar year. Documentation may be requested to support the expense.



Helpful Information

The information below is provided as helpful tools for servicers.

Black Knight, Inc. (BKI) Desktop Batch Upload Function

BKI Desktop has “Batch Upload” functionality that allows servicers to submit multiple claims in a batch versus individually. “Batch Upload” functionality and access are provided through PowerCell, the BKI support arm. To access “Batch Upload” functionality, the servicer should contact PowerCell via the information provided below or call their primary BKI support contact.

<https://www.blackknightinc.com/support>

- Phone: 904-854-3100, option 4, then 1
- Email: Servicing.Support@bkfs.com

Fannie Mae Learning Center

The Fannie Mae Learning Center offers training information on the single-family business portal designed with the user in mind. www.fanniemae.com/singlefamily/learning-center#

Fannie Mae Servicing Solutions

For general servicing or loss mitigation questions, please email servicing_solutions@fanniemae.com or call 1-800-2FANNIE (1-800-232-6643). [Click here](#) for a guide to the menu selections on 1-800-2FANNIE.

Inquiry Response Tool (IRT)

On June 1, 2015, Fannie Mae launched the Inquiry Response Tool (IRT) portal to improve our ability to respond and track inquiries related to expense reimbursement claims.

This tool is used for questions related to:

- Expenses: denied, curtailed, or pending
- Unclear instructions around a claim submission
- System issues

Link to the tool: <https://fanniemae.decisionreadysolutions.com/>



Common Exceptions in Claims

Exception Message	Servicer Action
Claim filed after deadline.	Ensure claims are submitted timely.
Considering premium amount and policy cancellation date, the provided refund is insufficient.	Provide additional credit amount for the insurance policy refund or an explanation for why the refund does not align to the per diem calculation.
Expense appears excessive. Review for Fannie Mae pre-approval.	Ensure pre-approval was given for the requested expense.
Expense exceeds HomeTracker approved amount. Additional HomeTracker approval required.	Request additional approval in HomeTracker® to be reimbursed in full.
Expense exceeds published tolerance and current HomeTracker approval. Additional approval required.	Request additional approval in HomeTracker® to be reimbursed in full.
Expense exceeds published tolerance and current IPA. Additional IPA required.	Request additional approval in IPA to be reimbursed in full.
Expense exceeds published tolerance. Review for Fannie Mae pre-approval.	Ensure pre-approval was given for the requested expense.
Expense incurred AFTER the reimbursable timeframe.	Confirm dates of the expense are accurately submitted.
Expense incurred prior to first time vacancy date.	Confirm dates of the expense are accurately submitted. Ensure pre-approval was given for the requested expense if incurred prior to vacancy.
Expense incurred PRIOR TO the reimbursable timeframe.	Confirm dates of the expense are accurately submitted.
Expense is not reimbursable because there is no closed DIL case.	Verify the DIL Case is closed/completed prior to requesting reimbursement for this expense.
Expenses incurred prior to a modification should be capitalized into the modification.	Open an Inquiry providing a detailed explanation for why the expense was not capitalized into the modification and requesting authorization for an exception to be made for reimbursement.
Incorrect line item used for this expense.	Re-evaluate the line item being used and update as necessary. Open an Inquiry requesting additional direction on the appropriate line item to use.
Loan is reporting as made whole.	Fannie Mae's systems are showing the loan has been made whole. If there is a discrepancy in reporting, open an Inquiry.
Loan is reporting as repurchased.	Fannie Mae's systems are showing the loan has been repurchased. If there is a discrepancy in reporting, open an Inquiry.
Loan is reporting current.	Fannie Mae's systems are showing the loan is current. If there is a discrepancy in reporting, open an Inquiry.
Loan is reporting paid off.	Fannie Mae's systems are showing the loan has been paid off. If there is a discrepancy in reporting, open an Inquiry.
Pre-payment Audit. Review expense against documentation.	Ensure documentation supporting the expense is included on the claim.
Second Lien Consideration Requires Pre-Authorization.	Ensure pre-approval was given for the requested expense.
Seller/Servicer is not assigned to Loan.	Ensure Fannie Mae records are accurately reflecting the servicer of record for the loan.
The First Time Vacancy (FTV) field within the claim is blank.	Populate the First Time Vacancy date field on the claim. If the property is not vacant, ensure pre-approval was given for the requested expense.



Frequently Asked Questions

General Submission Q&As

Q1. What are the expected service levels for claim processing?

Generally, claims are processed within 30 days of submission.

Q2. How does adding or changing something on a claim after I submit it in LoanSphere Invoicing affect how long it will take to pay the claim?

Claims are processed based on claim age. The age of a claim is determined by the submission date. Updating a claim after it has been submitted changes the submission date. As a result, the age of the claim starts over based on the new submission date. Continuing to make updates to a claim may cause the claim to exceed the timely submission deadline, which may result in a claim being denied for late submission.

Q3. What if circumstances beyond my control caused a late claim submission?

Escalate using the Inquiry Response Tool (IRT).

Q4. How long should I expect to wait for an inquiry response?

Generally, a response should be received within 5 business days of submission.

Q5. When should I expect to get funds?

If receiving checks, you should expect to receive funds within 10 days of the claim showing a “Paid” status in the LoanSphere Invoicing™ System.

If receiving ACH, you should expect to receive funds within 3 business days of the claim showing a “Paid” status in the LoanSphere Invoicing System.

Q6. What if we get money that is not ours?

Contact the Fannie Mae accounting team by emailing: fanniemae_reo_disbursements@fanniemae.com for further instructions.

Q7. What is Fannie Mae’s expectation for reporting delinquency status on properties?

The servicer must report delinquency history by the 2nd business day of every month for every loan that is 30+ days delinquent as of the last day of the preceding month, or if any action was taken to cure the delinquency during the preceding month even if the loan is less than 30 days delinquent. See [Servicing Guide F-1-30](#).

Q8. I have submitted a claim for an FHA, VA, or Rural housing loan and received notification there were no reimbursement instructions for the processing team or from the reconciliation team. What does this mean and what are my next steps?

In order to process a claim for reimbursement, the Expense Reimbursement team needs feedback from the reconciliation teams prior to reimbursing expenses for FHA, VA, and Rural Housing loans. Even though sales proceeds may have been received, there are no comments providing 571 claim reimbursement instructions.

For FHA, VA or Rural Housing inquiries, send the request to: fma_claims@fanniemae.com.



Q9. How can I ensure that Fannie Mae knows a loan has been in bankruptcy if I'm not specifically requesting reimbursement of bankruptcy fees?

If the loan has ever been in bankruptcy, the servicer should include a comment on the claim with the case number, chapter type, and bankruptcy filed date.

Expense Q&As

Q10. How are utility liens following a foreclosure action handled?

They are reviewed on a case-by-case basis. Please submit an inquiry through IRT and include a copy of required documentation.

Q11. Is the servicer responsible for water/sewer charges during the foreclosure process?

Refer to the *Servicing Guide* for servicer obligations: [Fannie Mae Servicing Guide F-01-06](#)

Q12. How do I obtain approval for property preservation expenses exceeding [allowable tolerances](#)?

The servicer must follow the guidelines set forth by the Property Preservation group for reimbursement of amounts over tolerance and provide the date the work was completed.

When reimbursement for preservation work is requested, verify the amounts requested on the Property Maintenance and Management: Property Preservation Matrix and Reference Guide based on the date the work was completed.

All preservation work is expected to be completed within the allowable tolerances. When work cannot be completed within the allowable tolerances 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 bids over the allowable tolerances prior to initiating work.

Q13. How do I get reimbursed for expenses related to Bankruptcy Cramdowns?

Once the cramdown has been approved by bankruptcy_administration@fanniemae.com, expenses are reimbursed like any other expenses.

Q14. Are Service member Civil Relief Act (SCRA)/Military Indulgence expenses reimbursable?

SCRA/Military Indulgence expenses are not individually reimbursable; those expenses are included as part of the overall amount of foreclosure allowable attorney fees.

Q15. What expenses should always be itemized? What expenses can be aggregated?

Landscaping, Taxes, Insurance, and Attorney's fees and costs should always be itemized.

When a date range can be provided, the quantity field may be used to aggregate recurring monthly expenses that are always the same amount (examples: COA/HOA Dues, Recurring Property Inspections). The quantity field may also be used to aggregate expenses if the same expense is incurred on the same day for the same expense type



(examples: Capping Wires, Cleaning – Toilets). Quantity should always be a whole number; do not use decimals.

System Q&As

Q16. How do I activate my seller/servicer ID (SSID) in LoanSphere Invoicing for claims submissions?

The following steps should be followed to activate an SSID:

- a. Contact BKI (904-854-5462) for information to activate an SSID.
- b. Complete instructions provided by BKI

Q17. Can adjustments be made to a decisioned claim and then resubmitted?

Not at this time. Fannie Mae is evaluating possible system enhancements.

Q18. How many different expenses can I submit for COA/HOA expenses?

LoanSphere Invoicing allows three (3) separate line item entries for COA/HOA expenses. As long as the service dates are sequential for multiple expenses, servicers can combine expenses using the same line item.

Q19. How can I access HomeTracker® to comply with guidelines regarding insurance cancellation after a property is foreclosed?

Please refer to *Servicing Guide Announcement SVC-2013-04 – Hazard Insurance Coverage* at www.fanniemae.com/content/announcement/svc1304.pdf.

Fannie Mae will provide the vacant property report through HomeTracker®. If the servicer has not acquired access to HomeTracker®, see [How to Obtain Access to HomeTracker®](#) on Fannie Mae's website.

Servicers must request access to HomeTracker® by contacting the Fannie Mae Property Cost Management Team at property_preservation@fanniemae.com.

For questions regarding this report, please email REO_hazard_claims@fanniemae.com.

Q20. I have questions about my post-payment review. How do I escalate?

Contact the Quality Assurance and Measurement team at: disbursements_research@fanniemae.com



List of Servicer Expense Reimbursement Job Aid Revisions for September 2018

The Servicer Expense Reimbursement Job Aid provides operational instructions based on servicing policies. Specific updates to the Job Aid are listed in the table below.

Revision Date	Page Number	Revision
September 2018	Global	Replaced all references to BKFS with BKI
September 2018	4	Updated Servicer Expense Process Flow
September 2018	5	Renamed the Initial Claims section to Initial and Supplemental Claims. Added information about allowing supplemental claims.
September 2018	5	Streamlined the paragraphs about Final Claims
September 2018	5	Updated the Where to Submit an Expense Reimbursement Claim with additional information about the LoanSphere validation process. Included information about the Online Help found within LoanSphere.
September 2018	N/A	Removed LoanSphere Invoicing Claim Status Definitions section. This information can be located within the Online Help section in LoanSphere.
September 2018	N/A	Removed the following sections: <ul style="list-style-type: none">• Pending Submitter Review (PSR) Status• Reviewing Claims in Pending Submitter Review (PSR) Status section• What to Submit for an Expense Reimbursement Claim, including the required documentation table.
September 2018	6	Updated the Fannie Mae Expense Reimbursement Reviews section with pertinent Pending Submitter Review information.
September 2018	6	Updated the Supporting Documentation for pre-payment review requests table to include specific supporting documents accepted by Fannie Mae.
September 2018	8	Added a Post-Payment Review section.



Revision Date	Page Number	Revision
September 2018	10-20	Added or modified expenses within the Expense Type section, including: Expenses for FHA, VA or Rural HUD Loans, Expenses for Third Party Sales, Attorney's Fees and Costs to include: Attorney Transfers, BK Fees, Court Costs, DIL Doc Prep Fees, Filing Costs, Foreclosure Fees, Mediation, Publication Costs, Recording Costs, Sales Tax on Legal Fees, Service costs, Sheriff's Fees & Costs, and Title Costs, Cash for Keys/DIL Relocation, Estoppel Fees, Cooperative Corporation expenses, Escrow Expenses to include: Escrow Balance, Property Insurance, and Taxes, Ground Rent, Liens, Mortgage Insurance, Non-Recoverable Advances, Property Inspections, Property Preservation, Technology Fees, Utilities, Vacant Property Registration, Valuations
September 2018	21-22	Updated Helpful Links to Helpful Information. Within the Helpful information section, the contact information for BKI's support team was updated, the links to LoanSphere Training were removed, and a list of Common Exceptions with potential servicer action was added.
September 2018	23-25	<p>Updated the FAQs section.</p> <ul style="list-style-type: none"> • The questions regarding timing to receive funds was updated to provide the different timelines when funds are disbursed via checks and via ACH. • The question about Pay to the Gain was removed. • Clarifications were made to the question about reimbursement instructions needing to be provided for FHA/VA and third party loans. Rural Housing loans was added and third party loans were removed. • Questions regarding the following expenses were removed and are addressed within the expense section of the job aid: Trustee Fees, Estoppel Fees, DIL fees, COA/HOA late fees, penalties and interest and Liens. • Updated instructions on activating a SSID in LoanSphere. • Added a question about the use of the quantity field to aggregate specific expenses. • Added an escalation path for post-payment review questions.