



## **Insurance: Non – Monetary Default Job Aid**





# Document Overview

This Job Aid provides guidance on submitting insurance Non-Monetary Default Borrower Requests in the MAMP. An insurance Non-Monetary Default occurs when a Borrower fails to comply with any insurance provision of the Loan Documents that does not involve any payment.

This document outlines:

- steps for submitting a Non-Monetary Default Borrower Request in the MAMP;
- documents needed for submission; and
- steps for updating a Non-Monetary Default submission.

Please refer to Part 5, Chapter 4, Section 413.01B: Policy Renewal, in the Fannie Mae Multifamily Selling and Servicing Guide **(Guide)** for requirements.

**This is presented for informational purposes only and does not modify, supplement, override or invalidate any provision of the Guide or any applicable Loan Document.**

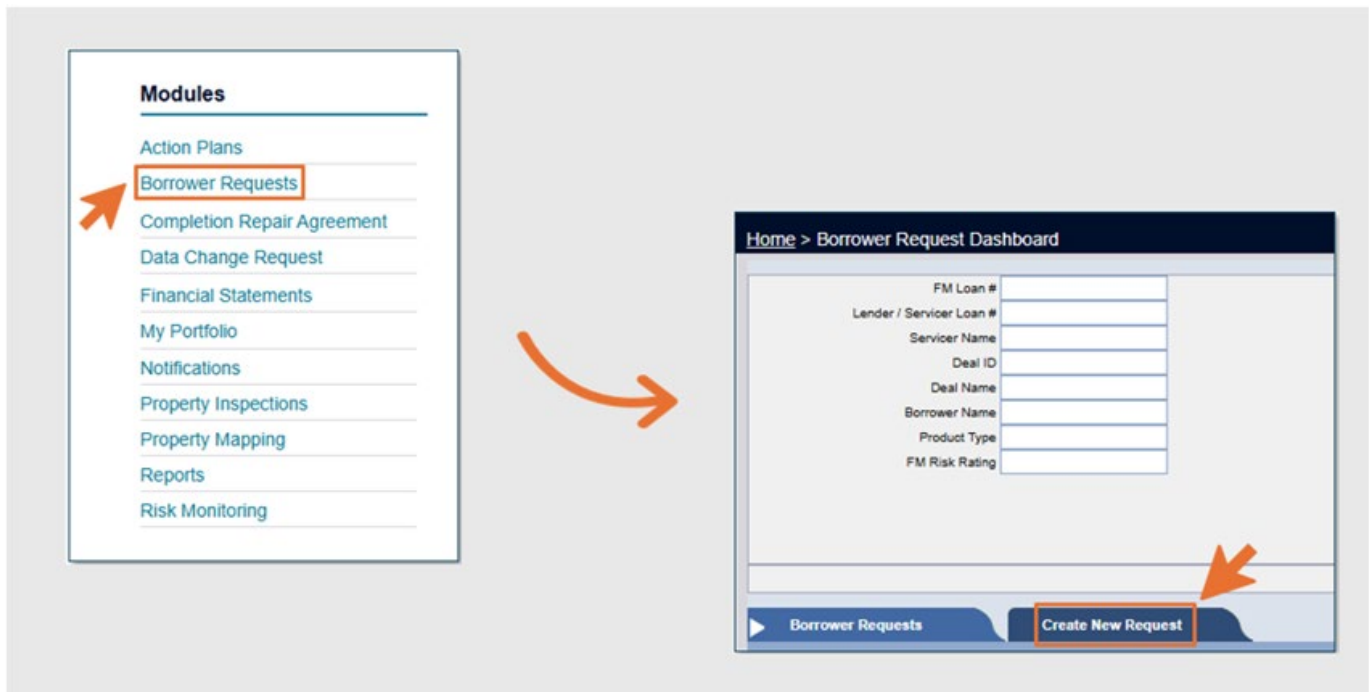
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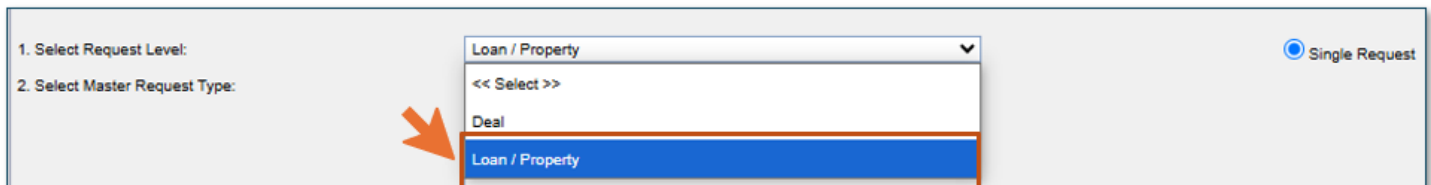


## How to Create a Non – Monetary Default Request in the MAMP

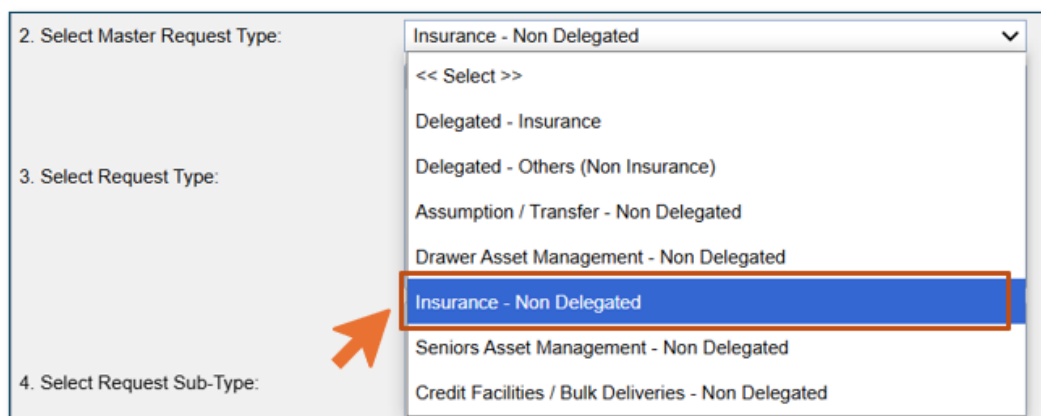
**Step 1:** In the MAMP, click **Borrower Requests**. Once the new page loads, select **Create New Request**.



**Step 2:** Under **Select Request Level**, choose **Loan/Property** which will generate a single request.



**Step 3:** Under **Select Master Request Type**, choose **Insurance – Non Delegated**.





**Step 4:** Under **Select Request Type**, choose **Default – Non Monetary (Insurance)**.

3. Select Request Type:

<< Select >>

- Catastrophic Event
- Commercial Auto Liability
- Default – Non Monetary (Insurance)**
- Directors' and Officers' Liability
- General
- General Liability
- Inquiry
- Professional Liability

**Step 5:** Under **Select Search Filters**, enter **FM Loan # or Lender/Service Loan #**. Then click **Search**.

5. Select Search Filters:

Servicer Name

FM Loan # 000000000

Lender/Service Loan #

**NOTE:** If you have one submission that applies to multiple loans, enter in the **FM Loan #'s** separated by a comma to create one combined submission.

5. Select Search Filters:

Servicer Name

FM Loan # 0000000,12312312,4564564

Lender/Service Loan #

**\*Keep the Request Level on 'Single Request'**

☒ Single Request ☐ Multiple Requests

**Step 6:** Select the check box for the applicable Mortgage Loan/Mortgage Loans. Then click **Create Request**.

Borrower Requests

Create New Request

	Servicer Name	Deal ID	Deal Name	FM Loan Number	Lender/Service Loan Number	Property Name	Sponsor Name	Draft Requests Exist
<input checked="" type="checkbox"/>	Test loan	000	Test	0000	0000	Test Loan		

Displaying 1 - 1 of 1

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No of records 50



## Documents Needed For A Non-Monetary Default Submission

Please refer to Part 5, Chapter 4, Section 413.01B: Policy Renewal in the Guide for submission timing requirements.

✓ **When submitting a Non-Monetary Default request you should submit:**

1. The Reservation of Rights Letter (Form 4804).
2. Completed Form 4636.NMD.
3. A narrative outlining the cause of the default.
  - This can be placed in the 'Comments' section or uploaded in a PDF version.

✓ **If the coverage needed to be Force Placed, you should also submit:**

1. The force place coverage certificate.
2. A note in the 'Comments' section indicating what line of coverage is being force placed.
  - If a lapse in coverage occurred, include the dates of force placement in your comment.

## How to Update a Non-Monetary Default Submission

**NOTE:** Only one Non-Monetary Default Request is needed per Mortgage Loan; do not submit multiple requests unless instructed by Fannie Mae to do so.

- ✓ **If the noncompliance has been resolved, you should submit a statement in the 'Comment' section of the MAMP notifying us that the coverage is now compliant and the Mortgage Loan is no longer in default.**



## **Appendix**

### **Frequently Asked Questions (FAQs)**

**1. Should the Reservation of Rights notice be submitted when coverage is force-placed?**

Yes, if neither a compliant policy nor an insurance waiver is obtained, you should submit a Non-Monetary Default Request in the MAMP and immediately send the Borrower a Reservation of Rights Letter (Form 4804).

**2. If a waiver is in process, is it acceptable to wait for Fannie Mae to approve/deny the waiver before force-placing coverage and/or sending the Reservation of Rights?**

Yes, if a waiver has been submitted and you are presently awaiting Fannie Mae's response, you should await the decision of the waiver before force-placing and sending the Reservation of Rights. Keep in mind that your force-place provider may have reporting requirements with which you will need to comply.

**3. When a policy is rewritten mid-term, does the timeline for Non-Monetary Default start from the original policy date or from the date of the new policy?**

When a policy is re-written mid-term, the timeline for Non-Monetary Default restarts from the inception date of the new policy.

**4. As a Lender/Servicer – what are the consequences for submitting a Reservation of Rights request after the 5-month time period?**

We understand that there may be variances at each Lender; however, the Non-Monetary Default process should be followed. Lenders should always comply with their obligations under the Loan Documents and the Lender Contract.

**5. If non-compliant insurance leads the Borrower/Sponsor to changing their policy mid-term, does that resolve the original non-compliance?**

If the new policy is Fannie Mae compliant and replaces the old policy, then the non-compliance is resolved.

**6. Would it be possible to extend the time limit for sending the Reservation of Rights letter?**

No, Fannie Mae is of the opinion that ample time has been provided for the Borrower/agent to cure the deficiencies.

**7. If coverage is force-placed for a lapse in coverage, is it considered an ongoing default?**

No, the Borrower is still in default until it obtains compliant coverage. Remember force-placed insurance covers the Lender only and provides no protection for the Borrower.

**8. If we receive compliant ACORD Certificates but not the policy including all forms and endorsements, do we need to invoke the Non-Monetary Default process?**

Yes, the ACORD Certificates are temporary evidence of insurance. The policy, including all forms and endorsements, is permanent evidence and the Borrower's failure to provide it will result in a Non-Monetary Default.



**9. If we have compliant ACORD Certificates but no policy, should we force-place coverage as the policies have not been received?**

The Lender must ascertain whether to force place coverage.

**10. Are there any additional actions required after submitting the Non-Monetary Default request in the MAMP?**

The Lender should continue to work with the Sponsor/Borrower to cure all deficiencies. Fannie Mae will follow up for updates on all Mortgage Loans for which a Non-Monetary Default has been submitted.

**11. If the Lender does not receive the policy and sends the Reservation of Rights notice along with the Non-Monetary Default in the MAMP, what is the next step?**

Fannie Mae will determine if the Mortgage Loan requires escalation to one of our loss mitigation teams.