

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.

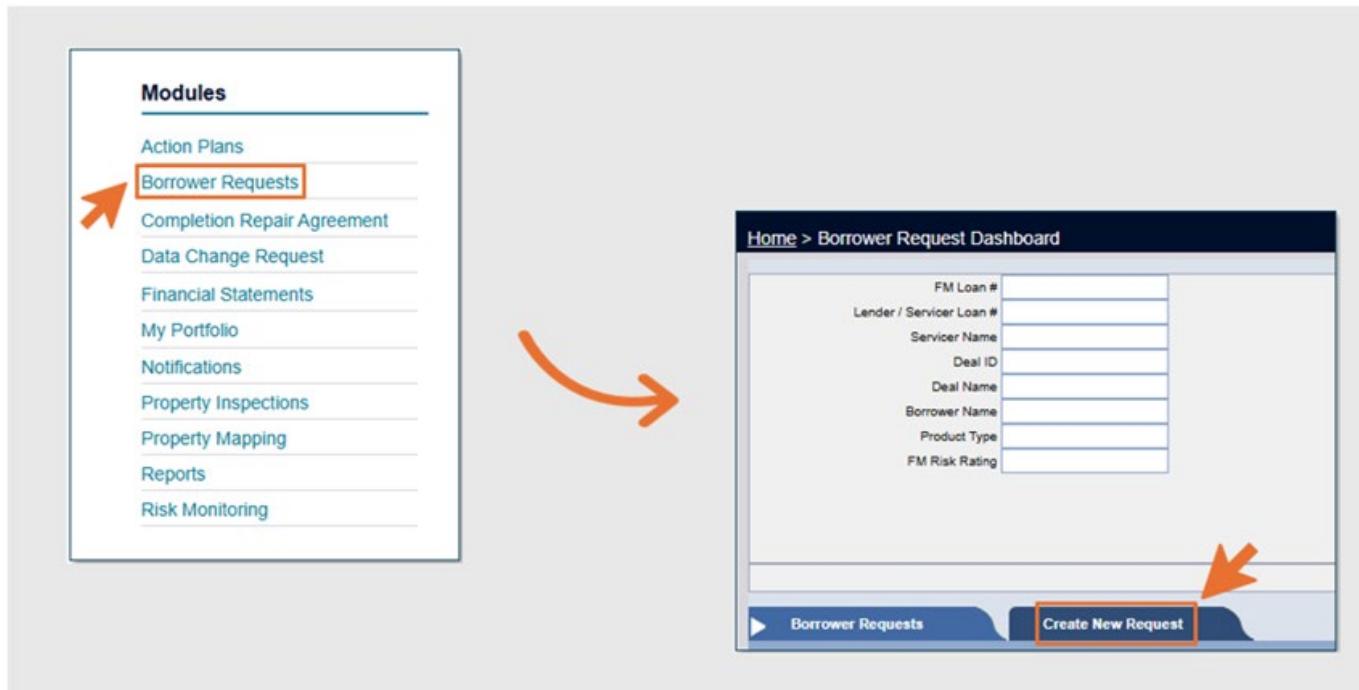
Contents

Document Overview	2
How to Create a Non – Monetary Default Request in the MAMP	3
Documents Needed For A Non-Monetary Default Submission	5
How to Update a Non-Monetary Default Submission	5
Appendix	6
Frequently Asked Questions (FAQs)	6

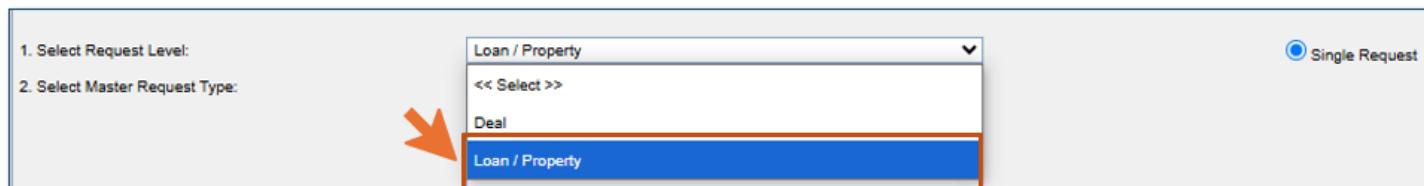


How to Create a Non - Monetary Default Request in the MAMP

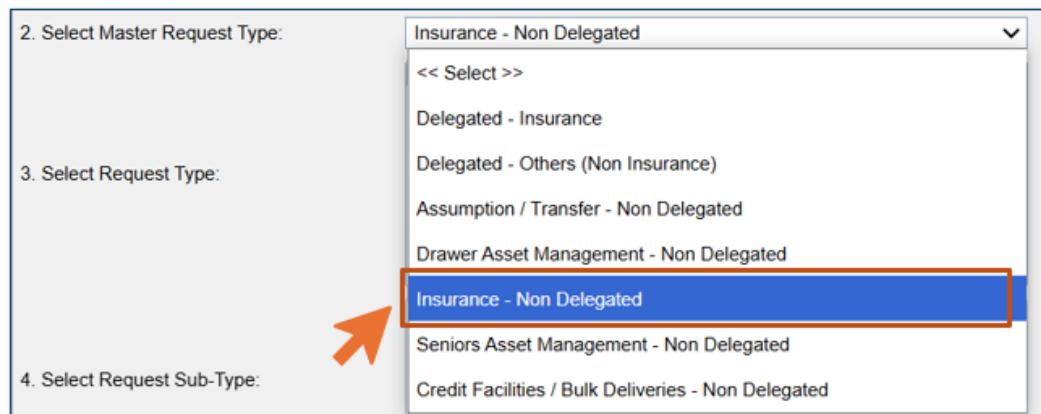
Step 1: In the MAMP, click **Borrower Requests**. Once the new page loads, select **Create New Request**.



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/Servicer Loan #**. Then click **Search**.

5. Select Search Filters:

Servicer Name	
FM Loan #	000000000
Lender/Servicer 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/Servicer 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/Servicer 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 Page 1 of 1 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.