



3900 Wisconsin Avenue, NW
Washington, DC 20016-2892

Date: November 20, 2008

To: All Fannie Mae Single-Family Servicers

Subject: Lender Letter 04-08: Issuance of a Temporary Halt to Foreclosures and Evictions

Introduction

Fannie Mae is committed to assisting homeowners impacted by the national housing crisis and has taken many steps in recent months aimed at keeping families in their homes. In connection with the streamlined modification program announced jointly by the Federal Housing Finance Agency (FHFA), Freddie Mac, and Fannie Mae on November 11, 2008, Fannie Mae is instituting a halt to all foreclosure sales on occupied single-family properties as well as to the completion of evictions from occupied single-family properties scheduled to occur from November 26, 2008 through January 9, 2009.

The temporary halt on foreclosures is designed to allow affected borrowers facing foreclosure to retain their homes while Fannie Mae works with FHFA to implement the streamlined modification program scheduled to launch December 15, 2008. The foreclosure halt will apply to all portfolio mortgages and all MBS pool mortgages owned or guaranteed by Fannie Mae and to foreclosures of homes that are already in process with foreclosure sale dates scheduled during the halt period. Servicers and foreclosure attorneys (or trustees) must institute the halt on foreclosures for eligible homeowners no later than November 26, 2008.

Eligibility – Foreclosures

The temporary foreclosure halt applies to single-family properties which have or will have a foreclosure sale date scheduled to begin on or after November 26, 2008 and through January 9, 2009 and where the property is occupied. If the servicer, attorney, or trustee has knowledge that the property is vacant, the foreclosure sale should continue as scheduled. If the servicer, attorney, or trustee is unsure whether a property is occupied, the servicer, attorney, or trustee should assume that the property is occupied.

During this period servicers are expected to continue working with borrowers to resolve the delinquency using Fannie Mae's available foreclosure prevention options. To facilitate borrower communication with servicers, servicers must instruct foreclosure

attorneys and trustees to send a letter to each impacted borrower urging the borrower to contact his or her servicer. Attachment 1 contains a sample letter that attorneys and trustees may use for this purpose.

This initiative does not affect mortgage loans that have not yet been referred to foreclosure. Servicers and foreclosure attorneys (or trustees) should follow the foreclosure policy guidance contained in the Fannie Mae *Servicing Guide* for all loans previously referred and for all new referrals as long as such actions do not result in foreclosure sales being scheduled during the halt period.

Eligibility – Evictions

Fannie Mae is also implementing a temporary halt on the completion of eviction lockouts of occupied properties beginning November 26, 2008 and ending on January 9, 2009. This initiative does not affect foreclosed properties where eviction actions have not been initiated. Fannie Mae will continue to initiate the eviction process on acquired properties during the period but these actions will not result in lockouts being scheduled on occupied single-family properties during the halt period. Fannie Mae will provide separate guidance to the eviction attorneys to implement the halt of eviction lockouts during the halt period.

Delinquency Status Reporting and Tracking

Servicers should continue to report the “delinquency status” and “reason for delinquency” codes and delinquency code “effective dates” when transmitting monthly delinquency status information as described in the *Servicing Guide*, Part VII, Chapter 6: Delinquency Status Reporting.

Each servicer must maintain a schedule of all foreclosure sales affected by the halt. This schedule should include the Fannie Mae loan number and the date on which the sale was scheduled to occur. Each servicer should provide the schedule each month for the months of November 2008 through January 2009. Schedules should be submitted within 10 business days after the end of each month and the schedule should be submitted to Fannie Mae via e-mail to the following address: foreclosure_halt@fanniemae.com.

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Servicers should contact the National Servicing Organization’s Servicing Solutions Center at 1-888-326-6438 (option 2 – Servicing, then option 3 – General Servicing) if they have questions about Lender Letter 04-08.

Michael A. Quinn
Senior Vice President
Single-Family Risk Officer

Attachment 1

Sample Letter to Borrowers

<<Law Firm or Trustee Company Name>>

<<Date>>

<<Borrower/Co-Borrower Name>>

<<Borrower/Co-Borrower Address>>

RE: **Halting of Foreclosure Sale**

Loan No.:

Loan Servicer:

File No.:

Property Address:

Dear Borrower:

Your loan was scheduled for a foreclosure sale between November 26, 2008 and January 9, 2009. Fannie Mae, the investor with respect to your loan, instructed us to temporarily halt the foreclosure sale to provide you with additional time to explore all potential alternatives to foreclosure, which may include the recently-announced streamlined modification program.

We strongly encourage you to contact your loan servicer immediately to determine whether you are eligible for various options to avoid foreclosure. Depending upon your circumstances, these alternatives may include:

Repayment Plan: an agreement to pay the delinquency over a series of months.

HomeSaver AdvanceTM* an unsecured loan that cures the mortgage delinquency.

Modification: altering the loan terms to cure the delinquency and/or reduce the amount of the loan payments.

Pre-foreclosure Sale: agreement between you and the loan servicer to sell the property for less than the amount owed.

Deed in Lieu of Foreclosure: a voluntary transfer of ownership of the property to the lender in exchange for cancellation of the mortgage debt.

Again, please contact your loan servicer at your earliest opportunity to discuss these options. If you are unable to reach an agreement with your loan servicer to resolve the delinquency, the foreclosure may be completed after January 9, 2009.

The contact information for your loan servicer may be found on your mortgage payment statement.

Sincerely,

[Note: The letter may be revised as necessary to comply with applicable law, such as notices required by the Fair Debt Collection Practices Act].

*HomeSaver Advance is a trademark of Fannie Mae.