SOFTWARE & TECH

Fannie Mae Property Preservation Guidelines

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Understanding Fannie Mae Property Preservation Guidelines

When a home enters foreclosure or becomes vacant, the mortgage industry relies on strict protocols to protect the asset. Among the most influential frameworks are the **Fannie Mae Property Preservation Guidelines**. These rules govern how properties secured by Fannie Mae must be maintained during the delinquency or foreclosure process. Whether you are a loan servicer, a real estate agent, a property preservation contractor, or an investor, understanding these guidelines is essential to avoid costly penalties, protect property values, and ensure compliance with federal housing standards.

Fannie Mae, a government-sponsored enterprise, purchases mortgages from lenders and packages them into securities. Because it holds a significant portion of the U.S. housing market, its property preservation requirements set the benchmark for the entire industry. The guidelines cover everything from basic lawn care and winterization to interior safety checks and final property disposition. This article provides a comprehensive walkthrough of the key elements, best practices, and common pitfalls associated with these regulations.

Why Property Preservation Matters in the Real Estate Market

Property preservation is not merely a bureaucratic obligation; it directly impacts neighborhood stability, public safety, and the financial health of mortgage-backed securities. Abandoned or neglected homes can attract vandalism, squatters, and pest infestations, which drive down property values in the surrounding area. By enforcing clear preservation standards, Fannie Mae aims to minimize losses, maintain community aesthetics, and expedite the resale of repossessed homes. For servicers and vendors, strict adherence to these guidelines reduces liability and preserves business relationships.

Moreover, these guidelines are updated periodically to reflect changes in local laws, weather conditions, and market realities. Staying current with the latest version of the **Fannie Mae Property Preservation Guidelines** is non-negotiable for anyone involved in the default servicing space.

Core Requirements of Fannie Mae Property Preservation Guidelines

The guidelines are organized into several categories that address both interior and exterior conditions. Below are the primary areas every vendor and servicer must understand.

Exterior Maintenance and Safety

First impressions matter, and the exterior of a property is the most visible indicator of its condition. Fannie Mae mandates that the exterior be kept clear of debris, overgrown vegetation, and hazardous conditions. Specific requirements include:

- Lawn mowing and weed control: Grass must be kept under 12 inches in height. Weeds that pose a fire hazard or obscure the property from view must be removed.
- Trash and debris removal: All trash, discarded furniture, tires, and similar items must be removed from the premises. This includes the yard, driveway, and any porches.
- Tree and shrub maintenance: Dead or diseased branches overhanging the house or walkways must be trimmed. Shrubs should not block windows or doors.

- Snow and ice removal: In colder climates, walkways and driveways must be cleared within 48 hours of a snowfall to ensure safe access for inspectors and emergency personnel.

Additionally, the property must be secured against unauthorized entry. This includes repairing broken windows, locking all doors and windows, and boarding up openings where necessary. Boarding must be done with plywood of a specific thickness and fastened according to prescribed methods to prevent easy removal.

Interior Preservation Standards

While exterior care is most visible, interior conditions are equally important for preventing long-term damage. Fannie Mae requires periodic interior inspections of vacant properties. Key interior tasks include:

- Winterization: In cold climates, the water system must be drained and non-toxic antifreeze added to all traps, toilets, and pipes. The heating system must be turned off or set to a temperature that prevents freezing but does not waste energy.
- Trash and debris removal: All personal property left behind must be removed. This is often done in compliance with local laws regarding abandoned personal property.
- Pest control: Evidence of infestation must be addressed by a licensed exterminator. Rodents, termites, and other pests can cause structural damage.
- Structural integrity checks: Inspectors must look for signs of water intrusion, mold, or structural damage and report findings immediately.

Interior work is typically performed only after the property has been vacated and a notice of abandonment has been issued. Servicers must coordinate with local authorities to ensure legal access.

Inspection Frequency and Timeline

Timeliness is a cornerstone of the **Fannie Mae Property Preservation Guidelines**. Properties must be inspected at least once every 30 days while they remain vacant and in foreclosure. However, additional inspections may be required based on seasonal conditions or specific property risks. For example, properties in hurricane-prone areas may need more frequent checks during storm season.

Servicers must also conduct an initial preservation inspection within 15 days of a property becoming vacant. This initial visit triggers the first round of essential work, such as winterization and securing points of entry. After that, routine maintenance inspections follow at the monthly interval, unless the property sells or is transferred to Fannie Mae's real estate owned (REO) department.

Documentation is critical. Every inspection must be recorded with detailed notes, photographs, and work orders. Vendors typically use proprietary software or Fannie Mae's approved systems to upload evidence. Without proper documentation, servicers risk being fined for non-compliance.

Special Considerations for Different Property Types

The guidelines are not one-size-fits-all. Different property types—such as condominiums, multi-family units, and manufactured homes—carry unique requirements.

- Condominiums and HOAs: For properties governed by a homeowners’ association, the servicer must often coordinate with the HOA regarding shared amenities. Fannie Mae requires that the exterior of the unit (doors, windows, balcony) be secured, but common areas are usually the HOA's responsibility. However, if the HOA fails to maintain common elements that affect the unit (e.g., roof leaks from another unit), the servicer must take action.
- Multi-family properties: Guidelines apply to each individual unit. Common areas such as hallways, laundry

rooms, and parking lots must also be preserved. Units must be winterized separately if the building's central system is shut off.

- Manufactured homes: Additional considerations include securing the tie-downs, skirting, and utilities. These homes are often more vulnerable to weather damage, so winterization and anchoring are heavily emphasized.

Responsibilities of Loan Servicers and Vendors

Fannie Mae places the ultimate responsibility for property preservation on loan servicers, but servicers typically hire third-party vendors to perform the work. The relationship between servicer and vendor must be governed by a clear contract that references the latest version of the guidelines. Key responsibilities include:

1. Training: Vendors must train their staff on current Fannie Mae requirements. Many servicers require certification or attendance at periodic webinars.
2. Quality control: Servicers must audit at least 10% of completed work orders each month. This can be done through secondary inspections or review of photographic evidence.
3. Timely communication: Any significant damage or safety hazard must be reported to the servicer within 24 hours. This includes fires, floods, theft, or vandalism.
4. Compliance with local laws: Vendors must follow city and county ordinances regarding property maintenance, including permits for boarding or demolition if required.

Failure to comply can result in servicers being required to purchase the property from Fannie Mae, a severe financial penalty known as a "buy-back." Vendors who repeatedly fail inspections may be removed from approved vendor lists.

Common Pitfalls and How to Avoid Them

Even experienced vendors can run afoul of the guidelines. Below are frequent errors and strategies to avoid them.

- Missed deadlines: The 48-hour rule for snow removal and the 15-day initial inspection window are strictly enforced. Use calendar reminders and automated dispatching systems.
- Improper winterization: Using the wrong type of antifreeze or failing to drain all water lines leads to burst pipes, a costly mistake. Always follow the specific instructions for local climate zones.
- Incomplete documentation: Photographs must show the date, property address, and clear evidence of completed work. Blurry or mislabeled images can be rejected.
- Ignoring HOA rules: Some HOAs have specific guidelines for lawn height or paint colors. Vendors should obtain a copy of HOA covenants and comply with both Fannie Mae and HOA standards.

Best Practices for Contractors Working Under Fannie Mae Guidelines

To succeed in this field, contractors should adopt a proactive approach. Here are actionable recommendations:

1. Invest in software: Use a field service management platform that integrates with servicer systems. Many platforms allow for real-time photo uploads and automated status updates.
2. Build a relationship with local servicer representatives: Regular communication can clarify gray areas and expedite approvals for unexpected repairs.
3. Stay educated: Fannie Mae updates its Property Preservation Guidelines annually or as needed. Subscribe to servicer newsletters and attend industry conferences.
4. Develop a checklist for each property type: A standardized checklist ensures no step is missed. Customize it for seasonal conditions.
5. Maintain liability insurance: Fannie Mae requires vendors to carry general liability, workers' compensation,

and automobile insurance with minimum coverage amounts specified in the vendor agreement.

The Future of Property Preservation Standards

The landscape of property preservation is evolving. With the rise of smart home technology, some vendors are experimenting with remote monitoring systems that can detect leaks, temperatures, and entry attempts. Fannie Mae has shown openness to technology that reduces costs and improves outcomes, but any deviation from standard guidelines must be approved in advance by the servicer.

Additionally, environmental sustainability is becoming a consideration. Many servicers now encourage green practices such as using non-toxic winterization fluids and recycling construction debris during repairs. While not mandatory, adopting eco-friendly practices can differentiate your business.

Another trend is the increased focus on data analytics. Servicers are using historical inspection data to predict which properties are most likely to require costly repairs. Vendors who can provide accurate, thorough data will be valued partners.

Conclusion

The **Fannie Mae Property Preservation Guidelines**serve as the backbone of vacant property management in the United States. They protect the value of mortgage assets, preserve neighborhood quality, and reduce risk for everyone involved in the housing finance system. For servicers and vendors, mastering these guidelines is not optional—it is a core competency that directly affects profitability and reputation.

By adhering to the required timelines, maintaining meticulous documentation, and staying informed of updates, industry professionals can navigate the complexities of property preservation with confidence. Whether you are just entering this field or looking to refine your existing processes, the principles outlined here will help you deliver consistent, compliant service. Remember: attention to detail today prevents costly mistakes tomorrow, and a well-preserved property is the first step toward a successful recovery for all stakeholders.

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