



Fannie Mae™

Fannie Mae Changes to Investor Reporting: Delinquency Modifications and Cancellations





Introduction

- ❑ This webinar deck provides suggested steps and resources servicers may use to review investor reporting transactions for loan modifications.
- ❑ Please see the self-paced eLearning, [Understanding Process Requirements](#) for more information about the upcoming investor reporting changes including a comparison between the current and future requirements by transaction type: Loan Activity Reports (Transaction Type 96), Interest Rate and Payment Changes (Transaction Type 83).





Delinquency Modifications and Cancellations

Fannie Mae Current Process	Fannie Mae Process Change
A soft warning occurs in HSSN-UPB and LPI case data submitted does not match Last Reported to Fannie Mae/SURF appears when the Final Pre-Mod LPI and UPB in HSSN does not match the current LPI and UPB in SURF/SIR. HSSN still allows the Close to proceed.	A hard edit message occurs in HSSN-UPB and LPI case data submitted does not match Last Reported to Fannie Mae/SURF appears when the Final Pre-Mod LPI and UPB in HSSN does not match the current LPI and UPB in SURF/SIR. HSSN stops the Close from occurring.
Closed Delinquency Modifications and Cancellations in HSSN bridge early AM on Business Day 1 (BD1).	Closed Delinquency Modifications and Cancellations in HSSN bridge early AM daily throughout the month.
DARTs Closed Modification Report is available once a month on the 3 rd Business Day.	DARTs Closed Modification Report will be available daily in Message Manager As Is in Fannie Mae Connect™.



Example: HSSN Case with a Hard Edit

In the example below, the current SIR values shown under **Investor Reporting Data Source** are **UPB = 47204.95** and **LPI = 03/16**.

Investor Reporting Data Source

Last Reported UPB to Fannie Mae:

\$47,204.95 ✓

Principal Forbearance Amount (Previous Modification):

Last Reported LPI to Fannie Mae: (mm/dd/yyyy)

03/01/2016

Loan Modification Calculations

Last UPB Reported to Fannie Mae (At Case Creation):

\$ 49,003.07

Last LPI Reported to Fannie Mae (At Case Creation):

01/01/2015

- Principal Owed/Received Not Yet Reported:

\$ 753.69

= Current UPB (Before Capitalization):

\$ 48,249.38 ✓

+ Current LPI (Before Capitalization LPI):

04/01/2016 ✓

± Total Capitalized Amount:

\$ 926.04

Please enter Capitalized Interest items in [Breakdown of Capitalized Interest](#)

\$ 851.04

Please enter Capitalized Advances items in [Breakdown of Capitalized Advances](#)

\$ 75.00

In the **Loan Modifications Calculations** section the **Current UPB (Before Capitalization) = 48249.38** and the **Current LPI (Before Capitalization LPI) = 04/16**. Since these two areas do not agree, there will now be a Hard Stop.

Home Saver Solutions FannieMae

Case Information

AMN is available.

The system could not update the case
UPB and LPI case data submitted does not match Last Reported to Fannie Mae/SURF

+ indicates required information

UPB and LPI case data submitted does not match Last Reported to Fannie Mae/SURF

NATIONSTAR MORTGAGE, LLC
350 HIGHLAND DRIVE
LEWISVILLE, TEXAS 75067
Servicer No: 241470180

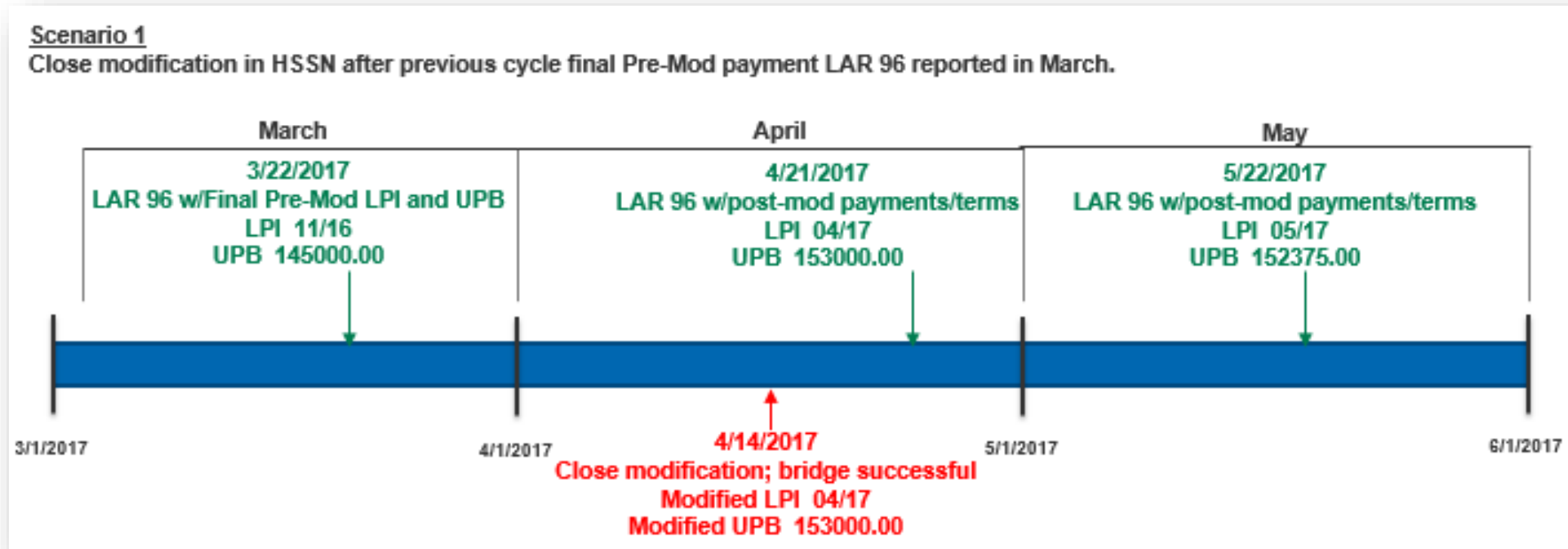
ABC Bank
(*& Address Dr.
Anytown, ST 99999
Servicer No. 12345

Message from webpage
UPB and LPI case data submitted does not match Last Reported to Fannie Mae/SURF
OK

When the hard edit message occurs – **UPB and LPI case data submitted does not match Last Reported to Fannie Mae/SURF**, servicer needs to report a LAR via SURF with the Final Pre-Mod LPI and UPB determined in HSSN. Once done, the case will be allowed to close in HSSN.



Delinquency Modification Timeline Review



- Scenario 1 is a classic view of how the delinquency modification process will work in the future.
- The LAR with the **Final Pre-Mod LPI and UPB** was reported on March 22nd. The servicer closed the case and it bridged successfully on April 15th. A **Post-Mod LAR** reported on 4-21 (after the successful bridge) was able to be processed during April as there was no other LAR activity reported that month.

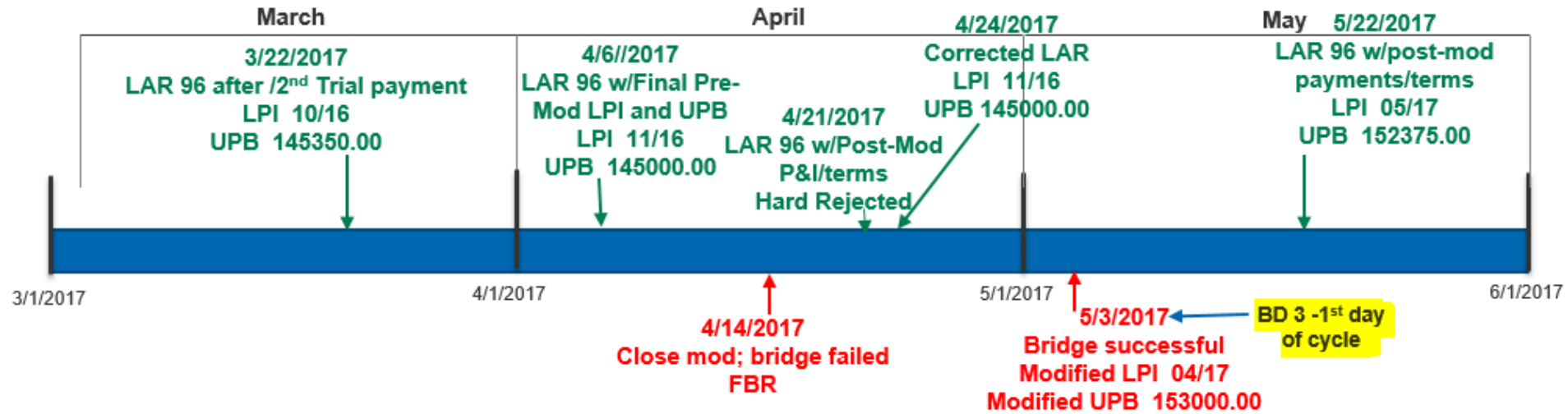
| NOTE: The servicer could have closed the case in HSSN anytime after the **Final Pre-Mod LAR** was reported. If it was closed in March, it would have an **FBR** (*LAR processed in current activity period*) and would bridge successfully on April 5th which is BD3, the first day of the cycle.



Delinquency Modification Timeline Review

Scenario 2

Modification closed in HSSN but bridge fails due to Final Pre-Mod LPI and UPB being reported in the same cycle (04/06/17).



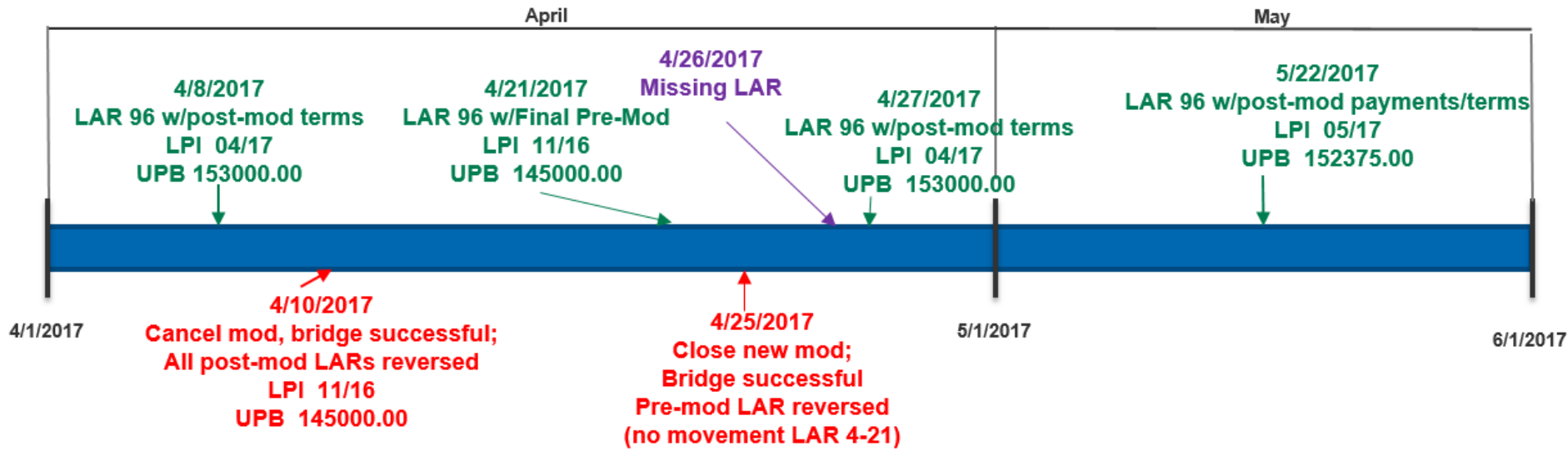
- This scenario incorporates an LAR with movement during the same cycle. It also shows what happens if the servicer reports a 2nd updating or correcting LAR during the month.
- On March 22, the 2nd Trial payment was reported. On April 6th the servicer reported the **Final Pre-Mod LPI and UPB**. The servicer closed the case but it bridged unsuccessfully on April 14th due to the FBR - *LAR processed in current activity period*. **A modification bridge fails when a LAR with movement is reported before it in the same cycle.**
- On April 21st a **Post-Mod LAR** was reported but hard rejected due to the FBR. The hard reject would need corrected by re-reporting the **Final Pre-Mod LPI and UPB** LAR values from April 6th. Correcting the hard reject to **Final Pre-Mod** values will allow the Modification to bridge successfully on May 3rd which is BD3 or the 1st day of the new cycle.



Delinquency Modifications and Cancellations

Scenario 3

Cancellation of a modification in HSSN with corrected modification bridges during same cycle. **The cancellation bridge reverses out the modifications terms and all reported Post-Mod LARS.** Final Pre-Mod LAR 96 reported (no LPI and UPB movement). **Mod case is closed during same cycle and bridges successfully** reversing out the LAR from the 4/21.



- Scenario 3 is a Cancellation of a previously closed Mod and the case resubmitted and bridging successfully during the same cycle.
- The April 8th LAR reports a post modification payment. The servicer cancels the case in HSSN and the cancellation that bridges on April 10th reverses out the modification data as well as all reported **Post-Mod LARS** bringing loan back to the **Final Pre-Mod LPI and UPB**. On April 22nd, the servicer reports the **Final Pre-Mod LPI and UPB**. Servicer closes the new corrected case in HSSN and it successfully bridges since the current LAR in the cycle has no LPI or UPB movement.
- The Modification bridge does reverse out the LAR reported on April 22nd thus now shows as a Missing LAR. Servicer can report post-mod terms on a new LAR.



Reports for Delinquency Modifications Processing

The following four reports are available on for tracking of Delinquency Modifications:

- [DARTs Closed Modification Report*](#) – Contains all modifications that were closed in HSSN and have successfully bridged to SIR.
- [Del Mod Cancellation](#) – Lists all modifications that have been cancelled in HSSN and the cancellations have bridged successfully to SIR.
- [Delinquency Modification SS Cash P and I Reimburse](#) – When a Del Mod has been cancelled this report is generated to notify servicer of funds that will be drafted to payback the Capitalized Advances previously paid after the close.
- [Delinquency Modification Failed Business Rules](#) – Identifies corrections that need to be made to loans not updated by SIR due to FBR.

*These reports are currently available on Fannie Mae Connect daily with the exception of the **DARTs Closed Modification Report**. With the Fannie Mae Changes to Investor Reporting, all 4 reports will be available daily.