



Fannie Mae®

# Welcome to the Webinar: Future Cash Simplification Changes to Investor Reporting

We'll start in a few minutes...



# Disclaimer

Every effort has been made to ensure that the reliability of the session content is in accordance with Fannie Mae's *Selling and Servicing Guides*. In case of any discrepancies, this is just a reminder that the *Guides*, and their updates, are the official statements of Fannie Mae's policies and procedures.



# Webinar: Future Cash Simplification Changes to Investor Reporting

March 17, 2020



# Agenda

- Future Cash Simplification Changes to Investor Reporting
- Customer Integration Testing
- Settle-up Process
- Additional Changes to Investor Reporting
- Q&A







# Future Cash Simplification Changes to Investor Reporting

With **Lender Letter LL-2019-07** Fannie Mae announced the following future cash simplification changes to Investor Reporting. Servicing Announcement **SVC-2019-08** specified **August 2020** as the implementation date for these changes.

INVESTOR REPORTING CHANGE	IMPACT BY REMITTANCE TYPE			
	S/A PORTFOLIO	S/S PORTFOLIO	S/S SWAP MBS	ACTUAL/ACTUAL (A/A)
<b>Fannie Mae-Initiated Principal and Interest (P&amp;I) Drafts for Scheduled/Scheduled (S/S) and Scheduled/Actual (S/A) Portfolio Mortgage Loans</b>	<ul style="list-style-type: none"> <li>Fannie Mae to initiate draft request for monthly P&amp;I</li> <li>Drafts will remain on the scheduled remittance dates: 20th CD</li> </ul>	<ul style="list-style-type: none"> <li>Fannie Mae to initiate draft request for monthly P&amp;I</li> <li>Drafts will remain on the scheduled remittance dates: 18th CD</li> </ul>	No Change (Fannie Mae-Initiated)	No Change (Servicer-Initiated)
<b>Additional Investor Reporting Operational Enhancements:</b>				
<ul style="list-style-type: none"> <li><b>modify the cash reconciliation cycle to reduce lag time between reporting and cash cycle close</b></li> </ul>	<ul style="list-style-type: none"> <li>Earlier cash reconciliation cycle close – changes to <b>BD2</b> (currently 27th CD)</li> </ul>	<ul style="list-style-type: none"> <li>Earlier cash reconciliation cycle close – changes to <b>BD2</b> (currently 27th CD)</li> </ul>	No Change (currently BD2)	<ul style="list-style-type: none"> <li>Earlier cash reconciliation cycle close – changes to <b>BD3</b> (currently 27th CD)</li> </ul>
<ul style="list-style-type: none"> <li><b>draft unapplied funds on mortgage loan modifications on the scheduled P&amp;I draft date</b></li> </ul>	<ul style="list-style-type: none"> <li>Fannie Mae will draft/reimburse the borrower contribution amount on the scheduled P&amp;I draft date</li> </ul>	<ul style="list-style-type: none"> <li>Fannie Mae will draft/reimburse the borrower contribution amount on the scheduled P&amp;I draft date</li> </ul>	No Change	No Change (Servicer-Initiated)
<ul style="list-style-type: none"> <li><b>draft/reimburse the net of SCRA adjustments</b></li> </ul>	No Change	<ul style="list-style-type: none"> <li>Fannie Mae will draft/reimburse the net of SCRA adjustments for S/S PFP Loans</li> </ul>	No Change	No Change

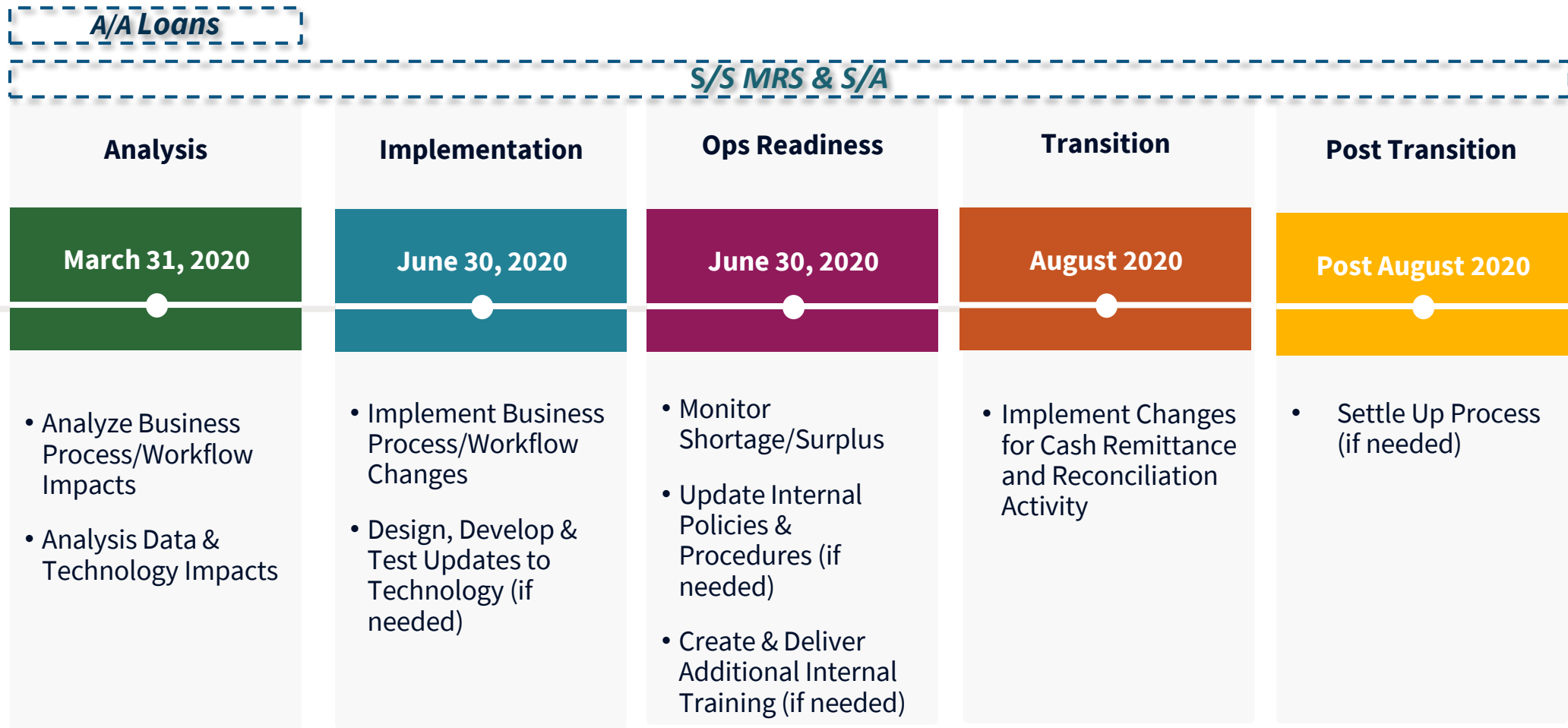


# Key Benefits: Cash Simplification Changes to Investor Reporting

-  Creates a **better experience** for customers by reducing touch points and eliminating manual operations for remitting P&I for S/A and S/S portfolio loans
-  Helps streamline the cash remittance process by **aligning the remittance process** for S/A and S/S portfolio loans with the process for S/S MBS loans
-  **Schedule 3** reconciliation will **no longer be required** for S/A and S/S portfolio loans
-  **Significantly reduce lag time** between reporting and cash cycles so servicers can reconcile by BD4, rather than waiting until CD27
-  **Eliminates** the need to “call in” to CRS for S/A and S/S portfolio loans
-  **Streamlines reporting** so everything is centralized in one report (P&I Report)



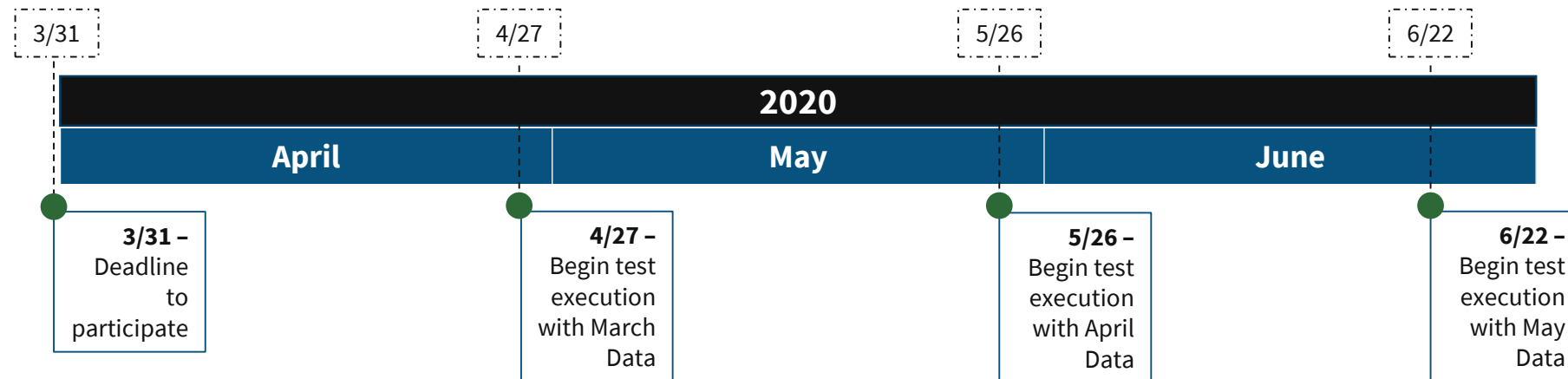
# Key Customer Readiness Milestones





# Customer Integration Test Plan

- Optional testing with Fannie Mae will be available from April through June for:
  - Changes to the Remittance Detail P&I report
  - Addition of the new the S/S and S/A Cash Position summary and details in Loan Servicing Data Utility (LSDU)
- Submit email to [future\\_of\\_servicing@fanniemae.com](mailto:future_of_servicing@fanniemae.com) with user name(s), phone number(s), email address(es), LSDU Production User ID(s) & 9-digit Seller/Servicer number(s) that you plan to use in the test
- Deadline to sign up is **March 31**
- The integration test environment (B2B, LSDU and Fannie Mae Connect) will available at the beginning of each integration test execution cycle (April 27<sup>th</sup>, May 26<sup>th</sup> and June 22<sup>th</sup>) with data as of the previous months end of cycle





# Customer Transition Plan – At-a-Glance

## Transition month minus 1 (TM-1)

July 2020

- **07/16** - Last time for Servicers to remit S/S Cash P&I funds via CRS (June Activity)
- **07/17** - Last time for Servicers to remit S/A Cash P&I funds via CRS (June Activity)
- **07/27** - Last time Fannie Mae will close the Cash Reconciliation Cycle on 27<sup>th</sup> calendar day for all portfolio loans (S/A, S/S and A/A)

## Transition Month

August 2020

- **08/05** - This will be first time the Cash Remittance System Draft Notifications Report with the pre-draft P&I amounts for S/A & S/S Portfolio loans will be available by the third business day in FM Connect
- **08/05** - First time the Cash Cycle will close on the 3rd business day for A/A loans (July Reporting period)
- **08/18** - For the first time Fannie Mae drafts S/S Cash P&I based on LARS received
- **08/20** - For the first time Fannie Mae drafts S/A Cash P&I based on LARS received

## Post Transition Period

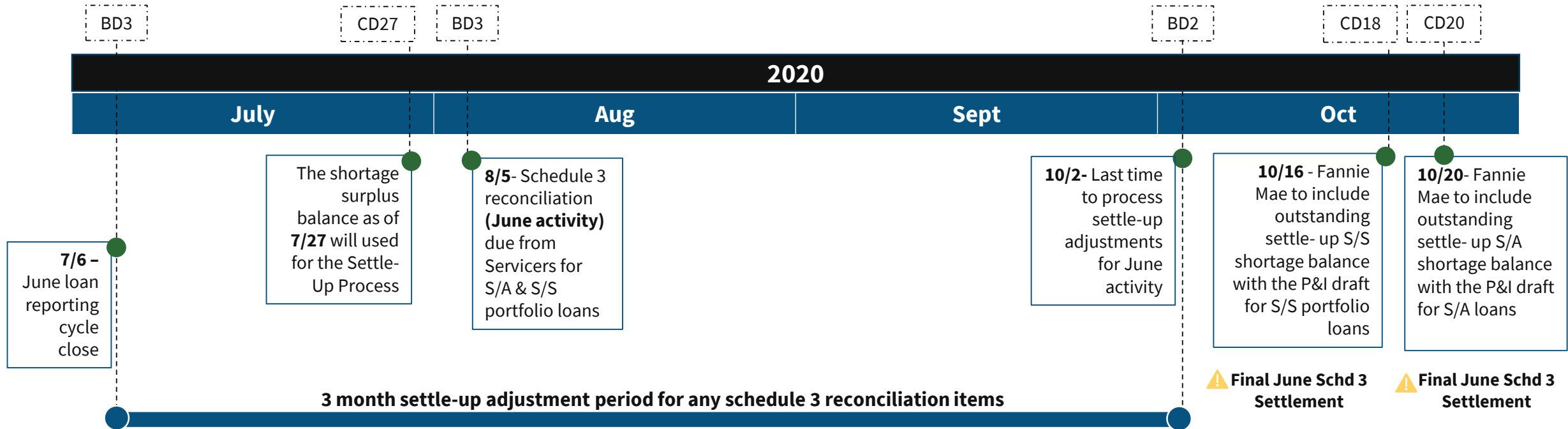
October 2020

- **10/02** - For the last time, Fannie Mae will allow adjustments for June 2020
- **10/16** - The last time Fannie Mae will initiate draft servicers on the 18th calendar day for S/S cash (i.e., MRS) for any adjustments established as part of the Settle-Up process for the June 2020 loan activity reporting period balances determined on July CD27
- **10/20** - The last time Fannie Mae will initiate draft servicers on the 20th calendar day for S/A cash for any adjustments established as part of the Settle-Up process for the June 2020 loan activity reporting period balances determined on July CD27

Please access [this](#) Transition Guide for a full list of transition activities.



# Settle-up Process



# Additional Investor Reporting Changes



## Loan Servicing Data Utility (LSDU)

Simplify servicing with access to accurate, near real-time, loan-level data.

LSDU introduces a suite of self-service tools offering continuous reconciliation of Fannie Mae loans and cash positions. Its near real-time view of 90+ key data elements saves time and improves accuracy.

### Improved data accuracy

Streamline error resolution with 90+ key investor reporting loan data elements and detailed calculations.

### Reduce time

Increase efficiency by reconciling loan and cash positions with Fannie Mae throughout the month — rather than only at the end of the monthly reporting cycle.

### Increased transparency

Simplify processes and increase certainty with self-service, near real-time visibility into more Fannie Mae data, including a new loan search function — servicers can now search by Fannie Mae or servicer loan number.

### Customer feedback

Using LSDU is exponentially faster — what used to take hours due to phone calls and emails — now takes minutes. This is huge for our investor reporting analysts.

### Learn more

Contact your account representative or visit our website to learn how you can begin to experience LSDU today.  
<https://fanniemae.com/lstu/>

Simplifying  
Servicing

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# Loan Servicing Data Utility

Centralize self-service capabilities in LSDU and streamline the customer experience by reducing the number of investor reporting touch points and tools

## Changes targeted for August 2020:

- Retire SURF Loan Activity Report (LAR) File Upload function and transition to LSDU
- Fannie Mae cash positions for S/A and S/S portfolio loans available in LSDU, in addition to A/A loans and S/S Swap MBS loans





# Questions & Answers

Q&A

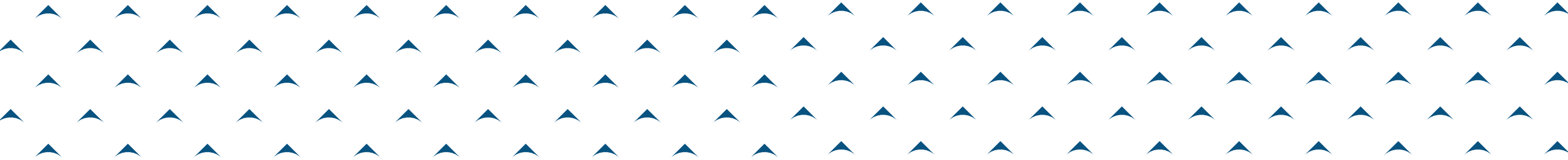
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Ask:

Select a participant in the ask menu first and type your question here. There is a 256 character limit.

Send

Click Send.



# For more information....

**Website:** <https://singlefamily.fanniemae.com/servicing/cash-simplification>

**Email:** [future\\_of\\_servicing@fannimae.com](mailto:future_of_servicing@fannimae.com)

**Phone:** 1-800-2FANNIE (1-800-232-6643, Option 1, Option 6)





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# Appendix



# Key Customer Readiness Milestones

Lender Letter LL-2019-07 Checklist					
Key Activity	Timeframe	Actual/Actual (A/A)	S/S Swap MBS	S/S MRS	S/A
<b>Value Proposition</b>	<b>2/14/2020</b>				
Attend Kick off Meeting				✓	✓
<b>Analysis</b>	<b>3/31/2020</b>				
Analyze Business Process/Workflow Impacts		✓		✓	✓
Analyze Data & Technology Impacts		✓		✓	✓
<b>Implementation</b>	<b>6/30/2020</b>				
Implement Business Process/Workflow Changes				✓	✓
Design, Develop & Test Updates to Technology (if needed)				✓	✓
<b>Ops Readiness</b>	<b>6/30/2020</b>				
Monitor Shortage/Surplus				✓	✓
Update Internal Policies and Procedures (if needed)				✓	✓
Create & Deliver Additional Internal Training (if needed)				✓	✓
<b>Transition</b>	<b>August</b>				
<b>Post Transition</b>	<b>Post August</b>				
Settle Up Process (if needed)				✓	✓