



Webinar: Future Cash Simplification Changes to Investor Reporting

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

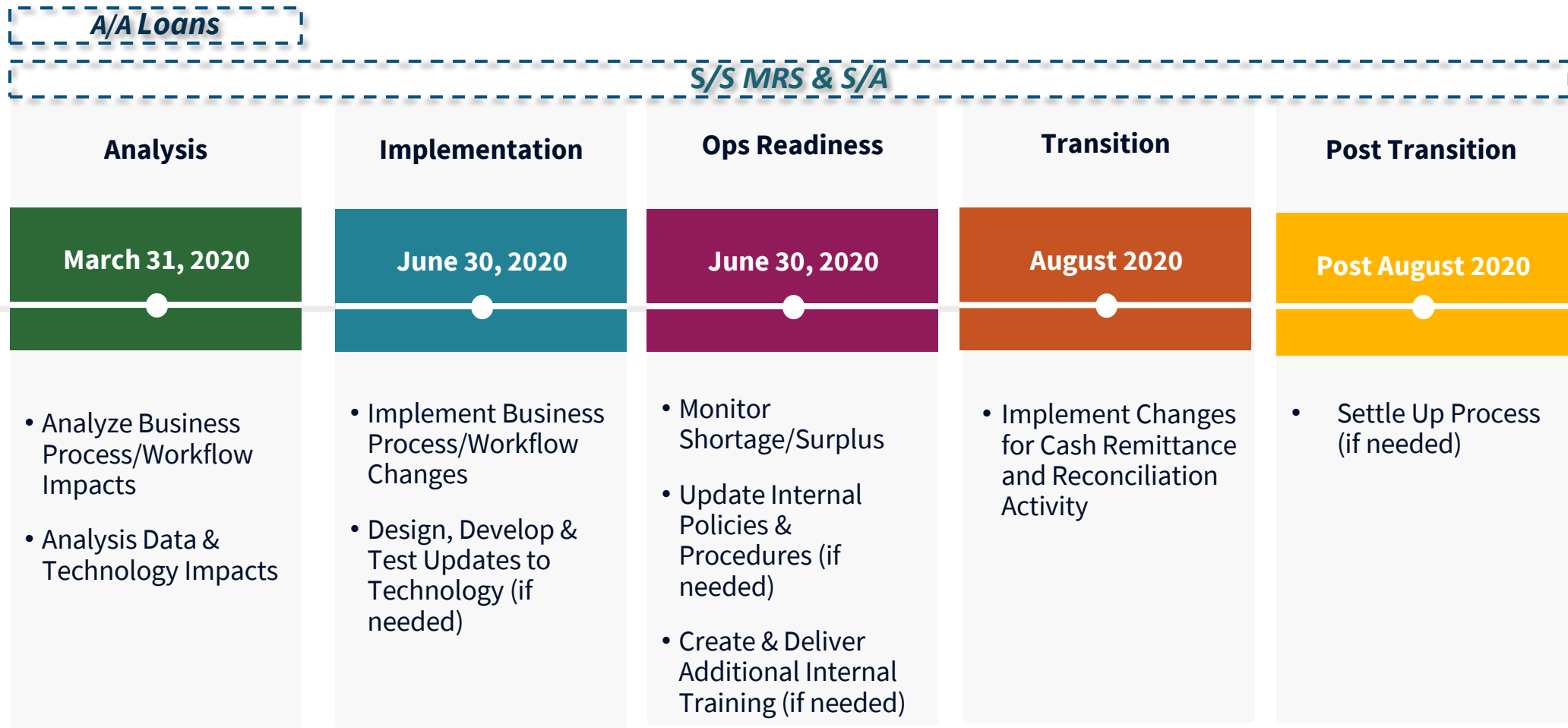


Key Benefits: Cash Simplification Changes to Investor Reporting

-  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)

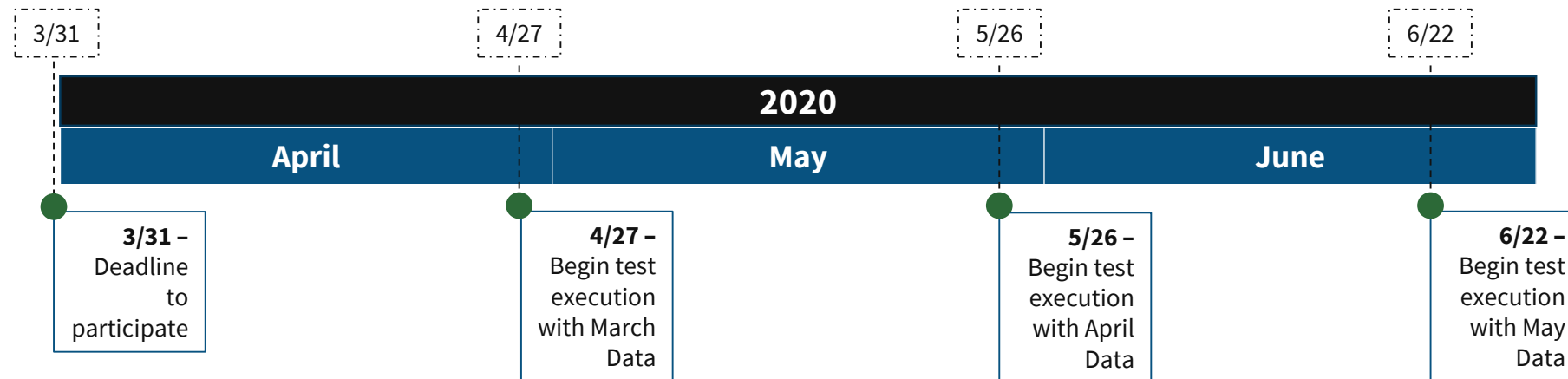


Key Customer Readiness Milestones

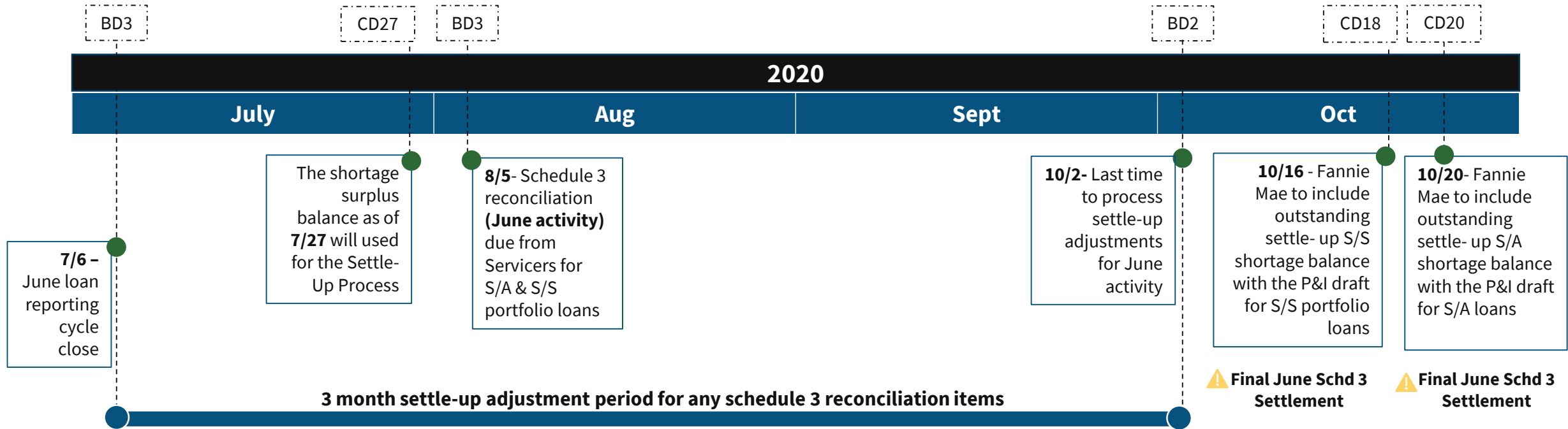


Customer Integration Test Plan

- 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)
 - Changes to the cash reconciliation cycle
- Submit email to future_of_servicing@fanniemae.com with user name(s), phone number(s) & email address(es)
- 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 27th, May 26th and June 22th) with data as of the previous months end of cycle



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/>

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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

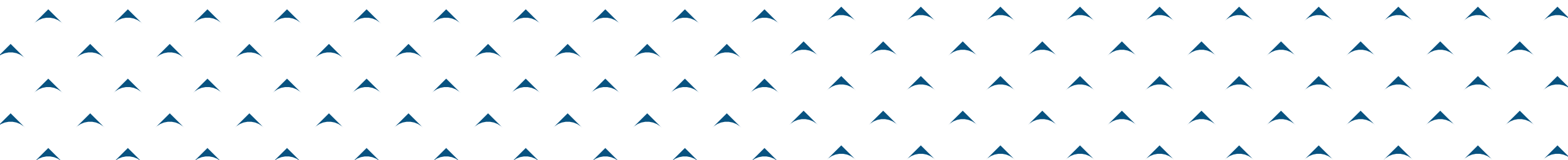
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Ask:

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

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
Value Proposition	2/14/2020				
Attend Kick off Meeting				✓	✓
Analysis	3/31/2020				
Analyze Business Process/Workflow Impacts		✓		✓	✓
Analyze Data & Technology Impacts		✓		✓	✓
Implementation	6/30/2020				
Implement Business Process/Workflow Changes				✓	✓
Design, Develop & Test Updates to Technology (if needed)				✓	✓
Ops Readiness	6/30/2020				
Monitor Shortage/Surplus				✓	✓
Update Internal Policies and Procedures (if needed)				✓	✓
Create & Deliver Additional Internal Training (if needed)				✓	✓
Transition	August				
Post Transition	Post August				
Settle Up Process (if needed)				✓	✓