



Servicer Principal and Interest (P&I) Advances Solution Frequently Asked Questions (FAQs)

June 24, 2020

Q1. What is the Stop Delinquency Advance Process?

- a. Stop Delinquency Advance is a new Fannie Mae investor reporting process that discontinues servicer delinquency advances on eligible S/S remittance type mortgage loans after four consecutive missed monthly mortgage payments.

Q2. Is Stop Delinquency Advance applicable to all loans?

- a. Stop Delinquency Advance is applicable to all Scheduled/Scheduled remittance type mortgage loans where Fannie Mae bears the foreclosure loss risk (i.e., Foreclosure Loss Risk Code = 1 or 4).
- b. A S/S remittance type mortgage loan with servicer foreclosure loss risk (i.e., Foreclosure Loss Risk Code = 2 or 3) will remain in the security and the servicer will continue to advance P&I (existing process/no change).

Q3. Are there any reporting changes to Investor & Delinquency Reporting due to Stop Delinquency Advance?

- a. No, there are no changes to Investor Reporting requirements due to Stop Delinquency Advance. Servicers must continue to report loan activity to Fannie Mae in accordance with the Servicing Guide Section C-4.3-01, Servicer Responsibilities Related to Investor Reporting, and the Investor Reporting Manual).
- b. Servicers must continue delinquency reporting in accordance with the Servicing Guide Section F-1-22, *Reporting a Delinquent Mortgage Loan via Fannie Mae's Servicing Solutions System* in order to be excluded from reclass and remain Scheduled/Scheduled MBS.

Q4. When will Stop Delinquency Advance process become effective?

The Stop Delinquency Advance process will become effective for August 2020 P&I remittance activity (based on July 2020 loan reporting activity).

Q5. When will Fannie Mae put a Stop Delinquency Advance flag on a loan?

- a. For the transition month, Fannie Mae will evaluate all loans at July 2020 Cycle Close (BD2 of August 2020).
- b. After the transition month, the loan is evaluated for Stop Delinquency Advance at the time the payment LAR is reported.
- c. Fannie Mae finalizes the Stop Delinquency Advance status on a loan after Cycle Close on BD2.

Q6. Will Fannie Mae continue to draft Guaranty Fee & Excess Servicing Fee for loans in Stop Delinquency Advance status?

Fannie Mae will continue to draft guaranty fee and excess servicing fee (as applicable) during the Stop Delinquency Advance period.

Q7. When will servicers be reimbursed for all delinquent P&I advanced on a loan with Stop Delinquency Advance?

Servicer will be reimbursed for all delinquent P&I advanced when the loan undergoes a reclass (S/S MBS only), a payment deferral, or any other eligible workout.

Q8. What P&I draft types are affected by this change?

Servicers will not need to advance P&I drafts for eligible S/S loans. This includes normal P&I remittance (Remit Code 003 & SPI) and Rapid Payment Method (RPM).

Q9. Where can Servicers view Foreclosure Loss Risk Code data?

Servicers can view Foreclosure Loss Risk data in LSDU's Credit Enhancement tab and in the Trial Balance Report (Part C).



Q10. Where can Servicers view the loan level Stop Delinquency Advance Status in August (for July activity)?

Fannie Mae Connect will have a one-time report that lists loan level Stop Delinquency Advance status, effective date, adjustment amounts and other related fields. It will be available on BD3 August 2020.

Q11. Where can Servicers view the loan level Stop Delinquency Advance Data (Starting September for August activity)?

- a. Remittance Detail P&I (available via B2B and in Fannie Mae Connect) will be enhanced with eleven new fields to assist servicers with P&I remittances for loans under Stop Delinquency Advance.
- b. LSDU's S/S Cash Position P&I Detail (available in LSDU as a download) will show each loan in Stop Delinquency Advance status and the P&I adjustment amount.
- c. Remittance Detail Cash Adjustments (available via B2B) and LSDU Cash Position Adjustment Detail Download shows Cash Adjustments related to Stop Delinquency Advance.
- d. Additionally, the Latest Loan Position tab in LSDU will show the Stop Delinquency Advance Status for an individual loan.
- e. **Please download the report specifications for a list of all fields for all impacted existing and new reports.**
<https://singlefamily.fanniemae.com/media/document/xlsx/servicer-pi-advances-solution-changes-reports-specifications>

Q12. Where can Servicers see final draft amounts reflecting Stop Delinquency Advance Adjustments?

- a. Remittance Detail P&I report shows loan level draft amounts.
- b. MBS P&I Draft Notifications report shows final summary draft amounts at the 9-digit seller/servicer ID level for Swap drafts.
- c. Cash Remittance System Draft Notifications report shows final draft amounts at the 9-digit seller/servicer ID level for S/S MRS drafts.

Q13. What happens to loans that change Foreclosure Risk Codes (from Fannie Mae Risk to Servicer Risk and vice versa)?

- a. If a loan is in Stop Delinquency Advance Status and the Foreclosure Loss Risk Code changes from Fannie Mae Risk to Servicer Risk, Fannie Mae will draft any outstanding P&I receivables in the following P&I draft.
- b. If a loan is in Stop Delinquency Advance Status and the Foreclosure Loss Risk Code changes from Servicer Risk to Fannie Mae Risk, Fannie Mae will reimburse any Servicer P&I advances beyond four months in the following P&I draft.

Q14. Will Fannie Mae settle-up loans that are greater than four months delinquent in the July 2020 reporting period?

- a. No, Fannie Mae will not settle-up these loans at implementation.
- b. The Stop Advance Effective Date will be 8/1/2020 for these loans.
- c. Fannie Mae will reimburse all delinquent principal and interest, including delinquent principal and interest past four months, once the loan goes through a reclass (S/S MBS only), a payment deferral, or any eligible workout option

Q15. In what scenario will loans that are greater than four months delinquent not be reclassified?

- a. Loans in a forbearance plan will not be reclassified until the twenty-fourth month past due, as measured by the LPI date.
- b. Loans in active repayment plans will not be reclassified
- c. More information about timing of reclassification for an MBS mortgage loan can be found here
- d. Please note that there is no change to the reclass process (timing, criteria, etc.) due to this change.

Q16. Will Fannie Mae draft servicers for P&I on a mortgage loan while in Stop Delinquency Advance status?

As there is a movement in LPI and UPB indicating the receipt of full contractual payment from the borrower, Fannie Mae will draft the P&I to recover the Stop Delinquency Advance amount.

Q17. How will a mortgage loan exit out of Stop Delinquency Advance status?

- a. Bringing the loan current
- b. Payment Deferral or any other eligible workout
- c. Reclass (S/S MBS loans only)
- d. Liquidation



Q18. For loans in Stop Delinquency Advance status, where can servicers view advanced delinquent principal and interest?

Fannie Mae will provide the advanced principal and interest amount at loan level that are due back to the servicers. This will be available via B2B and in the S/S P&I Details Download File in LSDU.

Q19. Will Fannie Mae evaluate and put a loan for Stop Delinquency Advance for a hard reject LAR?

No. A loan will not enter stop advance if it is hard rejecting.

Q20. If a loan is in Stop Delinquency Advance status, will Fannie Mae credit P&I for an ending hard reject loan?

Yes. If a loan is in Stop Delinquency Advance status, Fannie Mae will continue to provide stop advance credits even if a LAR hard rejects.

Q21. Where can servicers get more information about Customer Integration Testing?

Please review the Customer Integration Test Plan here:

<https://singlefamily.fanniemae.com/media/document/pdf/servicer-pi-advances-customer-integration-test-plan>