Fannie Mae®

Welcome to the Webinar: Servicer Delinquency Advance Requirement Change

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.

Servicer Delinquency Advance Requirement Change

Lender Letter (LL-2020-08)

Webinar

July 14, 2020

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Today’s Agenda

Stop Delinquency Advance Process Changes

Customer Integration Testing

Implementation and Post-Implementation Support

Questions

Background

- FHFA has directed Fannie Mae to cease requiring servicers to advance any payments of principal and interest on eligible loans serviced under Scheduled/Scheduled (S/S) servicing or Scheduled/Actual servicing on behalf of defaulted borrowers after 120 days of delinquency

- This change will be implemented for all outstanding S/S loans effective with August 2020 P&I remittances

Stop Delinquency Advance Requirement Change

Eligibility

- "Stop Delinquency Advance" is a process to suspend remitting Principal and Interest (P&I) funds to Fannie Mae for an eligible S/S remittance type mortgage loan that is 120+ days delinquent.
- A S/S remittance type mortgage loan may be eligible for stop delinquency advance if Fannie Mae bears the foreclosure loss risk (i.e., risk code = 1 or 4).
- A S/S remittance type mortgage loan with servicer foreclosure loss risk (i.e., risk code = 2 or 3) will remain in the security and the servicer will continue to advance P&I until the loan is repurchased (existing process – no change).

Eligibility Criteria for Stop Delinquency Advance Process				
Loan Remittance Type	**S/S MBS Mortgage Loans**		**S/S Portfolio Mortgage Loans**	
Foreclosure Loss Risk Type	**Fannie Mae Foreclosure Loss Risk** Loans with FCL Risk Codes 1, 4	**Servicer Foreclosure Loss Risk** Loans with FCL Risk Codes 2, 3	**Fannie Mae Foreclosure Loss Risk** Loans with FCL Risk Codes 1, 4	**Servicer Foreclosure Loss Risk** Loans with FCL Risk Codes 2, 3
Stop Delinquency Advance Eligibility	Eligible	Not Eligible*	Eligible	Not Eligible*

*Follow existing guidance in *Servicing Guide* F-1-21, Remitting and Accounting to Fannie Mae and *Investor Reporting Manual* 2-04, Reporting Specific Payment Transactions to Fannie Mae.

Stop Delinquency Advance Requirement Change

Summary of Changes

- There are no changes to reporting requirements. 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, Section F-1-22, Reporting a Delinquent Mortgage Loan via Fannie Mae's Servicing Solutions System, and the Investor Reporting Manual.
- Based on loan activity reporting, Fannie Mae will place eligible S/S remittance type mortgage loans in a Stop Advance status.
- Loans in a Stop Advance status will be issued a credit for expected principal and interest and the net draft amounts will be adjusted accordingly.
- Fannie Mae's Investor Reporting System will maintain the servicer P&I advance reimbursement amount and the servicer will be reimbursed advanced P&I at the time of reclass (applicable to SWAP loans only), payment deferral or any other eligible workout.
- Servicers will continue to be drafted guaranty fee and excess servicing fee (as applicable) during the stop delinquency advance period.
- There are no changes required to Scheduled/ Actual Remittance Type. Servicers must continue to report and remit loan activity to Fannie Mae following the existing investor reporting and remitting requirements.

Stop Delinquency Advance Requirement Change

Transition Month - August 2020 P&I Remittance (July 2020 Loan Reporting Cycle)

- On the last day of the July 2020 Loan Reporting Cycle (August BD2, 08/04/2020), Fannie Mae will place all eligible S/S remittance type mortgage loans that are 120 **or more** days delinquent in a Loan Stop Advance Status Type and reflect August 1, 2020 as the Loan Stop Advance Start Date.

- Fannie Mae's Investor Reporting System will use the Last Paid Installment (LPI) date reported on the latest accepted LAR to determine the months of delinquency for an eligible S/S remittance type mortgage loan

- On August 6, 2020 (BD4), servicers will have access to the **Stop Advance Adjustment Detail August Draft Report**, available in Fannie Mae Connect only in the month of August (one-time report), showing Loan Stop Advance Status and P&I credit adjustments.

- Fannie Mae will not settle-up on loans greater than four months delinquent as of the implementation date. Fannie Mae will reimburse previous delinquency advances either when the mortgage loan goes through a reclass (S/S Swap only) or in accordance with existing reimbursement policies for workout options, whichever is earlier.

Stop Delinquency Advance Requirement Change

Transition Month - August 2020 P&I Remittance (July 2020 Loan Reporting Cycle)

Begin Stop Delinquency Advance Process

	April	May	June	July	August
	Borrower missed contractual payment (4 months delinquent)	Borrower missed contractual payment (5 months delinquent)	Borrower missed contractual payment (6 months delinquent)	Borrower made contractual payment (6 months delinquent)	
(Reported Scheduled P&I represents the contractual payment due in the month following the Loan Activity Period)					
Servicer Reported Actual LPI:	1-Dec	1-Dec	1-Dec	1-Jan	
Servicer Reported Scheduled Principal:	$506.60	$508.18	$509.77	$511.36	
Servicer Reported Scheduled Interest:	$865.40	$864.02	$862.65	$861.27	
Fannie Mae Loan Stop Advance Period Delinquent Count:				6	
Fannie Mae Loan Stop Advance Status Type:				Stop Advance	
Fannie Mae Loan Stop Advance Start Date:				1-Aug	

Stop Delinquency Advance Requirement Change

Post-Transition Process for Entering Stop Delinquency Advance Starting September 2020 P&I Remittance (August 2020 Loan Reporting Cycle)

- During the Loan Reporting Cycle that an eligible S/S remittance type mortgage loan becomes 120 days delinquent, Fannie Mae will place the mortgage loan in a Stop Advance status.
- The Loan Stop Advance Start Date is the date from which Fannie Mae will suspend drafting delinquency advances from servicers; it is recorded as the first day of the month following the loan activity reporting period where a loan is placed in a Loan Stop Advance Status.
- Fannie Mae will also assign a Loan Stop Delinquency Advance Period Delinquent Count, the number of delinquent periods prior to entering the Stop Delinquency Advance process.

Begin Stop Delinquency Advance Process

	August	September	October	November	December	January	February
(Reported Scheduled P&I represents the contractual payment due in the month following the Loan Activity Period)	Borrower made contractual payment	Borrower made contractual payment	Borrower missed contractual payment (1 month delinquent)	Borrower missed contractual payment (2 months delinquent)	Borrower missed contractual payment (3 months delinquent)	Borrower missed contractual payment (4 months delinquent)	
Servicer Reported Actual LPI:	1-Aug	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	
Servicer Reported Scheduled Principal:	$494.11	$495.65	$497.20	$498.76	$500.31	$501.88	
Servicer Reported Scheduled Interest:	$876.22	$874.88	$873.54	$872.19	$870.84	$869.49	
Fannie Mae							
Loan Stop Advance Period Delinquent Count:						4	
Loan Stop Advance Status Type:						Stop Advance	
Loan Stop Advance Start Date:						1-Feb	

Stop Delinquency Advance Requirement Change

Reporting and Remitting while the loan is in Stop Delinquency Advance Process

- When a servicer collects one or more full contractual payments on a loan under the Stop Delinquency Advance Process, the servicer must follow the guidance in the Investor Reporting Manual and report a "Contractual Payment LAR" with an updated LPI Date that reflects the receipt of the contractual payment(s).
- Even though the contractual payments do not bring the loan current, Fannie Mae will draft the P&I recovery amounts and continue to issue Stop Advance P&I credit adjustments.
- The exhibit summarizes the events that occur when a contractual payment is reported under the Stop Delinquency Advance Process.

Begin Stop Delinquency Advance Process

	January	February	March	April	May
	Borrower missed contractual payment (4 months delinquent)	Borrower missed contractual payment (5 months delinquent)	Borrower missed contractual payment (6 months delinquent)	Borrower made contractual payment (6 months delinquent)	
(Reported Scheduled P&I represents the contractual payment due in the month following the Loan Activity Period)					
Servicer Reported Actual LPI:	1-Sep	1-Sep	1-Sep	1-Oct	
Servicer Reported Scheduled Principal:	$501.88	$503.45	$505.02	$506.60	
Servicer Reported Scheduled Interest:	$869.49	$868.13	$866.76	$865.40	
Loan Stop Advance Period Delinquent Count:	4	4	4	4	
Loan Stop Advance Status Type:	Stop Advance	Stop Advance	Stop Advance	Stop Advance	
Loan Stop Advance Start Date:	1-Feb	1-Feb	1-Feb	1-Feb	
Loan Stop Advance Adjusted Start Date:	1-Feb	1-Feb	1-Feb	1-Mar	
Loan Stop Advance Expiration Date:					
S/S REMITTANCES					
(Drafted in the month following the Loan Activity Reporting Period)					
Adjustment Type - Loan Stop Advance Principal Credit:		($501.88)	($503.45)	($505.02)	($506.60)
Adjustment Type - Loan Stop Advance Lender Pass Through Rate Interest Credit:		($869.49)	($868.13)	($866.76)	($865.40)
P&I Draft Amount:	$1,371.15	$0.00	$0.00	$0.00	$1,371.37
Loan Stop Advance Recovery Period:					Feb
Guaranty Fee Draft Amount:	$40.19	$40.13	$40.07	$40.00	$40.00

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Stop Delinquency Advance Requirement Change

Exiting the Stop Delinquency Advance Process

If…	Fannie Mae will…
mortgage loan becomes current	remove the Loan Stop Advance Status Type and update the Loan Stop Advance Expiration Date.
mortgage loan is paid off	
mortgage loan is repurchased	
loan is removed from the MBS Trust (Reclassification)	reimburse the servicer for outstanding delinquency advances and the remittance type of the reclassified loan changes from S/S SWAP to Actual/Actual (A/A). Servicers are not obligated to advance P&I on A/A mortgage loans.
payment deferrals or other workout options are executed	reimburse servicers for any outstanding delinquency advances.
mortgage loan is liquidated (e.g. sold at foreclosure and transferred to REO)	

Stop Delinquency Advance Requirement Change

Exiting the Stop Delinquency Advance Process When Mortgage Loans Become Current

- In a Loan Reporting Cycle when a loan becomes current, Fannie Mae will remove the Loan Stop Advance Status Type and update the Loan Stop Advance Expiration Date.
- Fannie Mae will start drafting the scheduled P&I advances from the month after the loan becomes current.
- The exhibit summarizes the key events that occur when a loan is brought current and exits the Stop Delinquency Advance Process

Begin Stop Delinquency Advance Process

Exit Stop Delinquency Advance Process

	January	February	March	April	May	June	July	August
	Borrower missed contractual payment (4 months delinquent)	Borrower missed contractual payment (5 months delinquent)	Borrower missed contractual payment (6 months delinquent)	Borrower made 1 contractual payment (6 months delinquent)	Borrower made 4 contractual payments (3 months delinquent)	Borrower made 3 contractual payments (1 month delinquent)	Borrower made 1 contractual payment (loan becomes current)	Borrower missed contractual payment (1 month delinquent)
(Reported Scheduled P&I represents the contractual payment due in the month following the Loan Activity Period)								
Servicer Reported Actual LPI:	1-Sep	1-Sep	1-Sep	1-Oct	1-Feb	1-May	1-Jul	1-Jul
Servicer Reported Scheduled Principal:	$501.88	$503.45	$505.02	$506.60	$508.18	$509.77	$511.36	$512.96
Servicer Reported Scheduled Interest:	$869.49	$868.13	$866.76	$865.40	$864.02	$862.65	$861.27	$859.88
Loan Stop Advance Period Delinquent Count:			4	4	4	4	4	
Loan Stop Advance Status Type:	Stop Advance	Stop Advance	Stop Advance	Stop Advance	Stop Advance	Stop Advance	Stop Advance	
Loan Stop Advance Start Date:	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	
Loan Stop Advance Adjusted Start Date:	1-Feb	1-Feb	1-Feb	1-Mar	1-Jun	1-Jul	1-Jul	
Loan Stop Advance Expiration Date:							31-Jul	
S/S REMITTANCES								
(Drafted in the month following the Loan Activity Reporting Period)								
Adjustment Type - Loan Stop Advance Principal Credit:		($501.88)	($503.45)	($505.02)	($506.60)	($508.18)	($509.77)	
Adjustment Type - Loan Stop Advance Lender Pass Through Rate Interest Credit:		($869.49)	($868.13)	($866.76)	($865.40)	($864.02)	($862.65)	
P&I Draft Amount:	$1,371.15	$0.00	$0.00	$0.00	$1,371.37	$4,115.36	$1,372.20	$2,745.05
Loan Stop Advance Recovery Period:					Feb	MAR APR MAY	June	July
Guaranty Fee Draft Amount:	$40.13	$40.07	$40.00	$39.94	$39.88	$39.81	$39.75	$39.69

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Stop Delinquency Advance Requirement Change

Exiting the Stop Delinquency Advance Process When a COVID-19 Payment Deferral is Executed on an Eligible S/S Remittance Type Mortgage Loan

- In the Loan Reporting Cycle that a payment deferral workout is executed on an eligible loan, Fannie Mae's Investor Reporting System will remove the Loan Stop Advance Status Type and update the Loan Stop Advance Expiration Date.
- Fannie Mae will reimburse the servicer for any outstanding delinquency advances.
- The exhibit summarizes the requirements for exiting the Stop Delinquency Advance Process when a **COVID-19** payment deferral is executed on an eligible S/S remittance type mortgage loan.

Begin Stop Delinquency Advance Process | Exit Stop Delinquency Advance Process/ Enter Payment Defferal Process

	September	October	November	December	January	February	March	April
	Borrower made contractual payment	Borrower missed contractual payment (1 month delinquent)	Borrower missed contractual payment (2 months delinquent)	Borrower missed contractual payment (3 months delinquent)	Borrower missed contractual payment (4 months delinquent)	Borrower missed contractual payment (5 months delinquent)	Borrower missed contractual payment (6 months delinquent)	Borrower made contractual payment
(Reported Scheduled P&I represents the contractual payment due in the month following the Loan Activity Period)								
Servicer Reported Actual LPI:	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Mar	1-Apr
Servicer Reported Scheduled Principal:	$495.65	$497.20	$498.76	$500.31	$501.88	$503.45	$505.02	$506.60
Servicer Reported Scheduled Interest:	$874.88	$873.54	$872.19	$870.84	$869.49	$868.13	$866.76	$865.40
Borrower P&I Deferred Amount:		$1,505.13	$1,505.13	$1,505.13	$1,505.13	$1,505.13	$1,505.13	
Servicer T&I Escrow Advanced Amount:							$1,200.00	
Other Advances/Fees:							$769.22	
Total Deferred Amount:							$11,000.00	
Loan Stop Advance Period Delinquent Count:						4	4	
Loan Stop Advance Status Type:					Stop Advance	Stop Advance	Stop Advance	
Loan Stop Advance Start Date:					1-Feb	1-Feb	1-Feb	
Loan Stop Advance Adjusted Start Date:								
Loan Stop Advance Expiration Date:							31-Mar	
S/S REMITTANCES								
(Drafted in the month following the Loan Activity Reporting Period)								
Adjustment Type - Loan Stop Advance Principal Credit:						($501.88)	($503.45)	
Adjustment Type - Loan Stop Advance Lender Pass Through Rate Interest Credit:						($869.49)	($868.13)	
P&I Draft Amount:	$1,370.33	$1,370.53	$1,370.74	$1,370.95	$1,371.15	$0.00	$0.00	$1,371.78
Guaranty Fee Draft Amount:	$40.44	$40.38	$40.32	$40.25	$40.19	$40.13	$40.07	$40.00
Delinquency P&I Advance Reimbursement Amount:							($5,483.37)	

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Stop Delinquency Advance Requirement Change

Below are the reports impacted by this process:

Fannie Mae Connect:

- Stop Advance Adjustment Detail August Draft Report (New One-Time Report)
  - One-time report available on August BD4 (08/06/2020)
- Remittance Detail – P&I Report (Enhanced)
  - Enhanced monthly report available starting September BD3 (09/03/2020)

LSDU: Available daily starting 08/24/2020

- Cash Position P&I Summary (New)
- Cash Position P&I Details Download (New)
- Cash Position Adjustment Details Download (New)
- LAR 96 Exception Search Results (Enhanced)

B2B: Available monthly starting September BD3 (09/03/2020)

- Remittance Detail – Cash Adjustments Report (New)
- Remittance Detail – P&I Report (Enhanced)

Stop Delinquency Advance Requirement Change

Fannie Mae Connect Report Mock-Ups

Stop Advance Adjustment Detail August Draft Report (New One-Time Report)

This is a one-time report, available only in the month of August for the August 2020 remittance activity (based on July 2020 reporting activity), showing data elements pertaining to loans that enter Servicer Stop Delinquency Advance Process.

Servicer Number	Loan Activity Period	Draft Date	Remittance Type	Sale Type	Fannie Mae Loan Number	Servicer Loan Number	Expected Principal Remittance	Expected Interest Remittance	Expected Total Principal & Interest	LPI Date	Stop Advance Status	Stop Advance Start Date	Stop Advance Principal Credit Amount	Stop Advance Interest Credit Amount	Outstanding Fannie Mae P&I Receivable Amount	Foreclosure Loss Risk Code	Stop Advance Period Delinquent Count
123456789	07/2017	#####	Scheduled/ Scheduled	SWAP	1.646E+09	987654322	$ 511.36	$ 861.27	$1,372.63	12/1/2016	Stop Advance	8/1/2017	(511.36)	(861.27)	$1,372.63	4	7

Remittance Detail – P&I Report (Enhanced)

A loan level report that provides loan level principal and interest transaction amounts to be drafted by cash settlement date for Fannie Mae initiated remittance codes for S/S MBS SWAP, S/S MBS RPM ,S/S MBS Express, S/S Portfolio and S/A loans.

Servicer Number	Activity Period	Fannie Mae Loan Number	Servicer Loan ID	Pool Number	Remittance Day	MBS Express Indicator	Loan P&I Payment Amount	Note Rate	LPT Rate	Beginning Scheduled UPB	Ending Scheduled UPB	Unscheduled Principal Due	Scheduled Principal Due	Interest Due	Total Amount Due	Sale Type	LPI Date	Stop Advance Status	Stop Advance Start Date	Stop Advance Adjusted Start Date	Stop Advance Expiration Date	Total Principal Delinquency Advance Amount	Total Interest Delinquency Advance Amount	Outstanding Fannie Mae Principal Receivable Amount	Outstanding Fannie Mae Interest Receivable Amount	Stop Advance Period Delinquent Count	Foreclosure Loss Risk Code
123456789	12017	1645678920	987654322	254018	18	N	1505.13	3.75	3.25	321,040.87	320538.99	0.00	0.00	0.00	0.00	SWAP	9/1/2016	Stop Advance	2/1/2017	2/1/2017		1,991.92	3,491.45	501.88	869.49	4	1

Stop Delinquency Advance Requirement Change

LSDU Report Mock-Ups

Cash Position P&I Summary (New)

LSDU's Cash Position Summary feature provides reconciliation information at a 9-digit servicer number level relative to the selected remittance type. Servicers can select Scheduled/Scheduled (SWAP, MRS) and Scheduled/Actual remittance types.

Draft Summary	Loan Reporting Activity Period	04/2017

SSID 123456789

Loan Activity Reporting Period	Snapshot Date	Remittance Type	Draft Type	Draft Date	Expected Draft Amount ($)	Adjustment Amount ($)	Draft Amount ($)
04/2017	5/2/2017	Scheduled/Scheduled MRS	P&I	5/18/2017	$1,500.00	$45.00	$1,545.00
04/2017	5/2/2017	Scheduled/Actual	P&I	5/20/2017	$500.00	$30.00	$530.00
04/2017	5/2/2017	Scheduled/Scheduled SWAP	P&I	5/18/2017	$1,372.00	-$0.63	$1,371.37
04/2017	5/2/2017	Scheduled/Scheduled SWAP	Gfee	5/7/2017	$40.00	$0.00	$40.00
04/2017	5/2/2017	Scheduled/Scheduled SWAP	Express	5/4/2017	$200.00	$0.00	$200.00
Total					**$3,612.00**	**$74.37**	$3,686.37

Cash Position P&I Details Download (New)

LSDU's Cash Position P&I Details Download feature provides a detailed breakdown of various attributes encompassing the P&I amount provided in the Cash Position P&I Summary.

Scheduled/Scheduled PI Details Download File Template

Servicer Number	Loan Activity Reporting Period	Remittance Type	Fannie Mae Loan Number	Servicer Loan Number	LPI Date	Draft Date	Expected Principal Amount ($)	Unscheduled Principal Amount ($)	Expected Interest Amount ($)	Total P&I Amount ($)	Stop Advance Status	Stop Advance Start Date	Stop Advance Adjusted Start Date	Stop Advance Expiration Date	Total Principal Delinquency Advance Amount ($)	Total Interest Delinquency Advance Amount ($)	Outstanding Fannie Mae Principal Receivable Amount ($)	Outstanding Fannie Mae Interest Receivable Amount ($)	Stop Advance Period Delinquent Count	Principal Draft Amount ($)	Unscheduled Principal Draft Amount ($)	Interest Draft Amount ($)	Total P&I Draft Amount ($)

Stop Delinquency Advance Requirement Change

LSDU Report Mock-Ups

Cash Position Adjustment Details Download (New)

LSDU's Cash Position Adjustment Details Download feature provides a detailed breakdown of various attributes encompassing the adjustment amount provided in the Cash Position P&I Summary.

Scheduled/Scheduled Adjustment Details Download File Template									
Servicer Number	**Loan Activity Reporting Period**	**Remittance Type**	**Fannie Mae Loan Number**	**Servicer Loan Number**	**Adjustment Type**	**Adjustment Amount ($)**	**Submission Date**	**Submitter Comments**	**Fannie Mae Recovery Period**
123456789	4/2017	Scheduled/ Scheduled SWAP	1645678920	987654322	Stop Advance Principal Credit	$ (506.60)	Successful Payment LAR processed Date (MM/DD/YYYY)	System Generated (TBD)	Null
123456789	4/2017	Scheduled/ Scheduled SWAP	1645678920	987654322	Stop Advance Interest Credit	$ (865.40)	Successful Payment LAR processed Date (MM/DD/YYYY)	System Generated (TBD)	Null
123456789	4/2017	Scheduled/ Scheduled SWAP	1645678920	987654322	Stop Advance Principal Recovery	$ 501.88	Successful Payment LAR processed Date (MM/DD/YYYY)	System Generated (TBD)	2/2017
123456789	4/2017	Scheduled/ Scheduled SWAP	1645678920	987654322	Stop Advance Interest Recovery	$ 869.49	Successful Payment LAR processed Date (MM/DD/YYYY)	System Generated (TBD)	2/2017

Stop Delinquency Advance Requirement Change

LSDU Report Mock-Ups

LAR 96 Exception Search Results (Enhanced)

LSDU's LAR 96 Exception Search Results download feature provides payment exception (LAR 96) results and various other attributes to assist in resolving the exception.

Stop Advance Status	Stop Advance Start Date	Stop Advance Adjusted Start Date	Stop Advance Expiration Date
Stop Advance	2/1/2017	2/1/2017	

Stop Delinquency Advance Requirement Change

B2B Report Mock-Ups

Remittance Detail – Cash Adjustments Report (B2B – Ongoing Sep 2020 Onwards)

A loan level repot that provides cash adjustment details for S/S and S/A remittance type mortgage loans for servicers with CPU-to-CPU connectivity.

Servicer Number	Loan Activity Period	Fannie Mae Loan Number	Servicer Loan ID	Remittance Type	Adjustment Type	Adjustment Amount	Processing Date	Submitter Comments	Fannie Mae Recovery Period
123456789	1/2017	1645678920	987654322	Scheduled/Scheduled	Stop Advance Principal Credit	(501.88)	Successful Payment LAR processed Date (MM/DD/YYYY)	System Generated (TBD)	Null
123456789	1/2017	1645678920	987654322	Scheduled/Scheduled	Stop Advance Interest Credit	(869.49)	Successful Payment LAR processed Date (MM/DD/YYYY)	System Generated (TBD)	Null

Remittance Detail – P&I Report (Enhanced)

A loan level report that provides loan level principal and interest transaction amounts to be drafted by cash settlement date for Fannie Mae initiated remittance codes for S/S MBS SWAP, S/S MBS RPM ,S/S MBS Express, S/S Portfolio and S/A loans.

Servicer Number	Activity Period	Fannie Mae Loan Number	Servicer Loan ID	Pool Number	Remittance Day	MBS Express Indicator	Loan P&I Payment Amount	Note Rate	LPT Rate	Beginning Scheduled UPB	Ending Scheduled UPB	Unscheduled Principal Due	Scheduled Principal Due	Interest Due	Total Amount Due	Sale Type	LPI Date	Stop Advance Status	Stop Advance Start Date	Stop Advance Adjusted Start Date	Stop Advance Expiration Date	Total Principal Delinquency Advance Amount	Total Interest Delinquency Advance Amount	Outstanding Fannie Mae Principal Receivable Amount	Outstanding Fannie Mae Interest Receivable Amount	Stop Advance Period Delinquent Count	Foreclosure Loss Risk Code
123456789	12017	1645678920	987654322	254018	18	N	1505.13	3.75	3.25	321,040.87	320538.99	0.00	0.00	0.00	0.00	SWAP	9/1/2016	Stop Advance	2/1/2017	2/1/2017		1,991.92	3,491.45	501.88	869.49	4	1

Stop Delinquency Advance Requirement Change

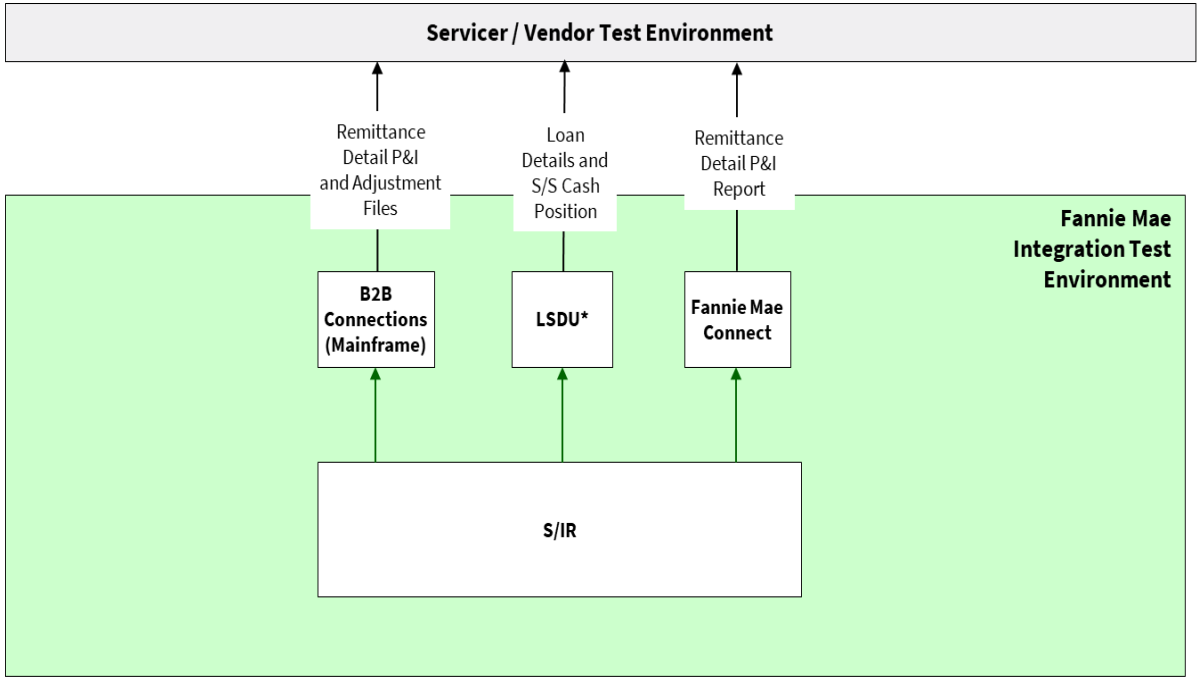
Gain "hands on" insight into key S/S remittance cash reconciliation scenarios the month before the scenarios are expected to occur in production

CIT Testing Overview

- CIT will run in parallel to production during the August – October Testing Cycles
- **July 2020: Transition Month (TM) Testing – 7/27 – 7/31**
  - Fannie Mae simulates TM cash reconciliation
- **August 2020 Testing Cycle – 8/24 – 8/28**
  - Fannie Mae simulates post-transition month reconciliation
- **September 2020 Testing Cycle – 9/21 – 9/25**
  - Fannie Mae simulates post-transition month cash reconciliation
- **October 2020 Testing Cycle – 10/19 – 10/23**
  - Fannie Mae simulates post-transition month cash reconciliation

Note: LAR Processing will not be available in CIT environment

Applications & Reports in Scope for CIT



*LSDU LAR submission capability will be disabled in the integration test environment

Test Support

Test support will be available via the future_of_servicing@fanniemae.com mailbox from 8AM to 5PM ET on test execution days identified above. Please submit a Servicer P&I Advances Test Finding Form to the mailbox (See Appendix)

Stop Delinquency Advance Requirement Change

Work with Fannie Mae to proactively identify and resolve key data issues & anomalies in S/S portfolio prior to transition

- Foreclosure Loss Risk Type Code: In June and July, servicers should:
  - Use Trial Balance Part C or LSDU Credit Enhancement Tab to determine the Foreclosure Loss Risk Type recorded in Fannie Mae's Investor Reporting System (1 or 4 = Fannie Mae foreclosure loss risk; 2 or 3 = Servicer foreclosure loss risk)
  - Compare to foreclosure loss risk data in their servicing system
  - Contact post_purchaseadjustments@Fanniemae.com with questions and/or requests. (Please mark requests as Foreclosure Risk Code in the body of the email and in the text of the email)

- Hard Rejects (Highest Priority): Servicers should:
  - Focus on resolution of any ending, recurring or aged recurring hard rejects in June and July
  - Submit payment/note rate changes (LAR 83s) or post-purchase adjustments as required for resolution
  - Contact their investor reporting analyst/Master Servicing mailbox for assistance with resolution as needed

- Reconciling Items in P&I Custodial Account:
  - Focus on resolution of any aged reconciling items in the S/S P&I custodial account to facilitate a smooth transition to the enhanced advancing requirements/procedures for reconciling cash

Stop Delinquency Advance Requirement Change

Post-Implementation Support

In the event a servicer encounters reconciliation issues with the amounts shown on the Remittance Detail – P&I Report available on the third business day (i.e., draft amount incorrect/possible over or under remittance)

- Submit a case to the Master Servicing mailbox (master_servicing@fanniemae.com) with the subject **"Urgent - Research S/S Draft Amount."**
- Submit back-up documentation, such as transaction history, spreadsheet calculation, etc. to support the research request.
- The research request will be routed to a rapid response queue.
- Fannie Mae will work with servicers to resolve issues

When appropriate, Fannie Mae will adjust the amounts to be drafted in the earliest available remittance cycle

Stop Delinquency Advance Requirement Change

Materials on fanniemae.com

Master Servicing Simplification Changes Page: https://singlefamily.fanniemae.com/servicing/master-servicing-simplification-changes

Lender Letter LL-2020-08 (Changes to Servicer Principal and Interest Advance Requirements): https://singlefamily.fanniemae.com/media/23101/display

Process Requirements: https://singlefamily.fanniemae.com/media/document/pdf/fannie-mae-process-requirements-servicer-principal-and-interest-pi-advances-changes

FAQ: https://singlefamily.fanniemae.com/media/document/pdf/servicer-principal-and-interest-pi-advances-solution-frequently-asked-questions

Report Specifications: https://singlefamily.fanniemae.com/media/document/xlsx/servicer-pi-advances-solution-changes-reports-specifications

Ask the Experts

Appendix - Stop Delinquency Advance Requirement Change

Data Glossary

Term	Definition
Stop Advance Start Date	The first day of the draft month that Fannie Mae will stop drafting delinquency advances from servicers.
Stop Advance Adjusted Start Date	A dynamic Loan Stop Advance Start Date that adjusts as a loan's LPI date changes.
Stop Advance Status	A status indicating that an eligible S/S remittance type mortgage loan is in the Stop Delinquency Advance Process.
Stop Advance Period Delinquent Count	The number (usually 4) of delinquent periods prior to entering Stop Delinquency Advance process.
Stop Advance Principal Credit (Adjustment Type)	A type of adjustment made by Fannie Mae to indicate an offset of scheduled principal amount on an eligible S/S remittance type mortgage loan under the Stop Delinquency Advance Process.
Stop Advance Interest Credit (Adjustment Type)	A type of adjustment made by Fannie Mae to indicate an offset of scheduled lender pass through interest amount on an eligible S/S remittance type mortgage loan under the Stop Delinquency Advance Process.
Fannie Mae Recovery Period	Each Period for which Fannie Mae collects/reimburses funds from/to servicer when there is an LPI movement.
Stop Advance Principal Recovery (Adjustment Type)	A type of adjustment made by Fannie Mae to indicate recovery of scheduled principal amount on an eligible S/S remittance type mortgage loan under the Stop Delinquency Advance Process.
Stop Advance Interest Recovery (Adjustment Type)	A type of adjustment made by Fannie Mae to indicate recovery of scheduled lender pass through Interest amount on an eligible S/S remittance type mortgage loan under the Stop Delinquency Advance Process.
Outstanding FM P&I Receivable Amount	The total Fannie Mae outstanding principal and lender pass through interest receivable amount during the Stop Delinquency Advance Process.
Stop Advance Expiration Date	The last day of the loan activity period through which Fannie Mae suspends drafting of delinquency advances from servicers. Fannie Mae will resume drafting the contractual Principal and Interest advances from the subsequent loan activity period.
Total Principal Delinquency Advance Amount	The total scheduled principal amount that a servicer has advanced for delinquent periods.
Total Interest Delinquency Advance Amount	The total scheduled lender pass through interest amount that a servicer has advanced for delinquent periods.

Appendix - Customer Integration Testing Details

CIT Testing Overview

Fannie Mae will source data from the production environment, execute affected applications in the integration test environment and produce the appropriate data to support the changes. LAR Processing will not be available in CIT environment.

- **July 2020: Transition Month (TM) Testing – 7/27 – 7/31**
  - Fannie Mae simulates TM cash reconciliation
  - Test Data Setup: Simulating an end of June 2020 reporting cycle
  - Reconcile with one-time Stop Advance Adjustment Detail Draft Report available in Fannie Mae Connect Acceptance Environment
- **August 2020 Testing Cycle – 8/24 – 8/28**
  - Fannie Mae simulates post-transition month reconciliation
  - Test Data Setup: Simulating an end of July 2020 reporting cycle
  - Reconcile with data provided via B2B, LSDU, and Fannie Mae Connect
- **September 2020 Testing Cycle – 9/21 – 9/25**
  - Fannie Mae simulates post-transition month cash reconciliation
  - Test Data Setup: Simulating an end of August 2020 reporting cycle
  - Reconcile with data provided via B2B, LSDU, and Fannie Mae Connect
- **October 2020 Testing Cycle – 10/19 – 10/23**
  - Fannie Mae simulates post-transition month cash reconciliation
  - Test Data Setup: Simulating an end of September 2020 reporting cycle
  - Reconcile with data provided via B2B, LSDU, and Fannie Mae Connect

Impacted Reports/Downloads:

- New, one-time, Stop Advance Adjustment Detail Draft Report (TM only)
- Changes to the Remittance Detail – Cash Adjustments Report – B2B only
- Changes to the Remittance Detail – P&I Report – B2B and FM Connect
- Changes to the Latest Loan Position on Loan Data Search Screen in Loan Servicing Data Utility (LSDU)
- Changes to S/S SWAP and MRS Cash Position downloads in LSDU

Test Support

Test support will be available via the future_of_servicing@fanniemae.com mailbox from 8AM to 5PM ET on test execution days identified.

Test Finding Form:

Please submit a Servicer P&I Advances Test Finding Form to the mailbox for any issues found in Customer Integration Testing.

Organization name			
Customer contact name, phone number and email (primary)	Name:	Phone Number:	Email:
Customer contact name, phone number and email (secondary)	Name:	Phone Number:	Email:
Servicer P&I Advances Questions or Issues			