



Servicer P&I Advance Requirements Change Customer Transition Guide

Updated July 31, 2020





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Fannie Mae is making changes to limit servicer obligations to advance scheduled monthly payments to four months for scheduled/scheduled (S/S) remittance type mortgage loans as outlined in Lender Letter LL-2020-08. These policy changes will become effective with the August 2020 remittances based on July 2020 reporting activity until further notice and will provide servicers with:

- financial relief, thus reducing liquidity risk associated with uncertain delinquent loan volumes;
- minimal disruption to existing investor reporting requirements; and
- new data and reports that offer data transparency and enhance cash position reconciliation.

“Stop Delinquency Advance Process” is a new investor reporting process that discontinues servicer delinquency advances on eligible S/S remittance type mortgage loans after four consecutive missed monthly mortgage payments. The table below outlines the eligibility criteria for S/S remittance type mortgage loans under the Stop Delinquency Advance process.

Table 1. Eligibility Criteria for Stop Delinquency Advance				
Loan Remittance Type	S/S MBS Mortgage Loans		S/S Portfolio Mortgage Loans (S/S MRS Loans)	
Foreclosure Loss Risk Type	Fannie Mae Foreclosure Loss Risk (Loans w/ FCL Risk Codes 1, 4)	Servicer Foreclosure Loss Risk (Loans w/ FCL Risk Codes 2, 3)	Fannie Mae Foreclosure Loss Risk (Loans w/ FCL Risk Codes 1, 4)	Servicer Foreclosure Loss Risk (Loans w/ FCL Risk Codes 2, 3)
Stop Delinquency Advance Eligibility	Eligible	Not Eligible*	Eligible	Not Eligible*

*Follow existing guidance in Section F-1-21, Remitting and Accounting to Fannie Mae (11/08/2017) in the Servicing Guide and Section 2-04, Reporting Specific Payment Transactions to Fannie Mae (02/14/2018) in the Investor Reporting Manual

This Customer Transition Guide provides servicers with information on the key milestones and activities when this change becomes effective:

- **Transition Month (TM) (August 2020 Remittances for the July Reporting Period):** Information on activities in the month of transition when the change become effective.
- **Month after Transition (TM+1) (September 2020 Remittances for the August Reporting Period):** Information on activities in the month following the transition month.

Transition Month (August 2020 Remittance Month for the July Reporting Period)

The transition month (TM) is August 2020 when principal and interest remittances based on the July loan activity reporting period are due. The table on the following pages outline key milestones in the Transition Month August 2020 for the July Reporting Period.



Key Milestone	Servicer P&I Advance Requirement Change For July Reporting Period – (August Remittance Month – TM)	Cash Simplification Change For July Reporting Period – (August Processing Month – TM)
<p>1 Tuesday 8/4/2020 (Aug BD2)</p> <ul style="list-style-type: none"> • Loan Activity Reporting Cycle closed for July activity for all loans • Cash Cycle closed for July activity for S/A & S/S portfolio loans 	<p>For the first time, 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, indicating that the loans have entered the Stop Delinquency Advance process.</p>	<p>For the first time, Fannie Mae will close the Cash Cycle on the 2nd business day for S/A and S/S portfolio loans, allowing analysts to perform various adjustments up until August BD2 for the July loan activity reporting period.</p>
<p>2 Wednesday 8/5/2020* (Aug BD2+1)</p> <ul style="list-style-type: none"> • Remittance Detail – P&I Report • Cash Remittance System Draft Notifications Report • MBS P&I Draft Notifications Report • Remittance Detail – Cash Adjustments Report <p>*Note: Due to the transition, Fannie Mae end of cycle reports will be available by 11am eastern time on August 5, 2020</p>	<p>Servicers will have access to the Remittance Detail - P&I Report with loan level details for P&I remittances.</p> <p>This will be the first time the Remittance Detail – P&I Report will display P&I amounts as 0 for eligible S/S remittance type loans in the Stop Delinquency Advance process.</p> <p>Servicers will have access to the Cash Remittance Draft Notification report at Summary level for S/S portfolio loans.</p> <p>This will be first time the Cash Remittance System Draft Notifications Report with the pre-draft principal and interest amounts for S/S portfolio loans will be available by the third business day in Fannie Mae Connect. This report will reflect the net principal and interest amount to be drafted at the 9-digit seller/servicer number level. Fannie Mae will not draft principal and interest on eligible S/S portfolio (i.e., MRS) loans in the Stop Delinquency Advance process.</p> <p>Servicers will have access to the MBS P&I Draft Notifications report by the third business day in Fannie Mae Connect with data at summary level for S/S MBS loans.</p> <p>For the first time, this report will reflect the net principal and interest amount to be drafted at the 9-digit seller/servicer number level. Fannie Mae will not draft principal and interest on eligible S/S MBS loans in the Stop Delinquency Advance process.</p> <p>The Remittance Detail – Cash Adjustments Report will not contain information on eligible S/S remittance type loans in the Stop Delinquency Advance process.</p>	<p>Servicers will have access to the Remittance Detail – P&I Report with loan level details for P&I remittances.</p> <p>This will be the first time the Remittance Detail – P&I Report will add the new Fannie Mae-Initiated remittance types of S/A and S/S portfolio loans.</p> <p>Servicers will have access to the Cash Remittance Draft Notification report at Summary level for S/A & S/S portfolio loans.</p> <p>This will be first time the Cash Remittance System Draft Notifications Report with the pre-draft principal and interest amounts for S/A & S/S Portfolio loans will be available by the third business day in Fannie Mae Connect.</p> <p>Servicers will have access to the Remittance Detail – Cash Adjustments Report with loan level details for the adjustments for remittance types of S/A and S/S portfolio loans by the third business day via B2B.</p> <p>This will be first time the Remittance Detail – Cash Adjustments Report will be available to servicers with the loan level details and report data also available daily in LSDU starting on Monday 8/10/2020.</p>



Key Milestone	Servicer P&I Advance Requirement Change For July Reporting Period – (August Remittance Month – TM)	Cash Simplification Change For July Reporting Period – (August Processing Month – TM)
<p>3 Wednesday 8/5/2020 (Aug BD3)</p> <ul style="list-style-type: none"> Processing Delay begins for Payment Deferrals, Delinquency Modifications and Bankruptcy Cramdowns on eligible S/S loans in Stop Delinquency Advance (transition month only) Cash Reconciliation Cycle closed for July activity for A/A portfolio loans Accepted Transactions Report Schedule 3 Reconciliation for A/A, S/A & S/S portfolio loans 	<p>To reduce operational complexity in the Investor Reporting System, Fannie Mae’s Investor Reporting System will delay the processing of Payment Deferrals, Delinquency Modifications and Bankruptcy Cramdowns on all eligible S/S loans that are in the Stop Delinquency Advance process from August 5 through August 22, 2020. The Investor Reporting System will continue to process loan activity reports (LARs) during this period.</p> <p>Servicers can continue to submit, close, complete and cancel Payment Deferrals, Delinquency Modifications and Bankruptcy Cramdowns in the Servicing Solution System. Servicers are encouraged to submit pre-modification LARs to ensure UPB and LPI alignment with the Delinquency Modifications, Payment Deferrals and Bankruptcy Cramdown cases that are pending processing.</p> <p>However, the Investor Reporting System will hold and not process Payment Deferrals, Delinquency Modifications and Bankruptcy Cramdowns on any eligible S/S loan that is in the Stop Delinquency Advance process until August 23, 2020. Servicers will not see any activity on modification reports.</p> <p>Servicers should hold and not submit post-modification LARs on eligible S/S loans that are in the Stop Advance Delinquency process until August 24 when the Fannie Mae’s Investor Reporting System will have processed Delinquency Modifications, Payment Deferrals and Bankruptcy Cramdowns that were previously placed on hold.</p>	<p>For the first time, Fannie Mae will close the Cash Reconciliation Cycle on the 3rd business day for Actual/Actual (A/A) portfolio loans allowing analysts to perform various adjustments to clear out shortages and surpluses up until August BD3 for the July loan activity reporting period.</p> <p>Servicers will have access to the Accepted Transactions Report on Fannie Mae Connect which will have data for only A/A portfolio loans for the first time.</p> <p>The last schedule 3 reconciliation for the June loan activity reporting period is due from servicers for S/A & S/S portfolio loans.</p>
<p>3a Thursday 8/6/2020 (Aug BD4)</p> <ul style="list-style-type: none"> Begin Servicer Notification of Delayed Delinquency Modifications, Payment Deferrals and Bankruptcy Cramdowns 	<p>Beginning August 6 through August 22, Fannie Mae will send a daily cumulative list of loans that are placed on hold to affected servicers via email.</p>	



Key Milestone	Servicer P&I Advance Requirement Change For July Reporting Period – (August Remittance Month – TM)	Cash Simplification Change For July Reporting Period – (August Processing Month – TM)
<p>4 Thursday 8/6/2020 (Aug BD4)</p> <ul style="list-style-type: none"> • Stop Advance Adjustment Detail August Draft Report (Fannie Mae Connect only) • Current Cycle Shortage Surplus Adjustments Report • Shortage/Surplus Report • Additional LASER Reports 	<p>For the first and only time, servicers will have access to the Stop Advance Adjustment Detail August Draft Report (one-time report), available in Fannie Mae Connect only in the month of August, detailing the Foreclosure Loss Risk Code, Loan Stop Advance Status, Loan Stop Advance Start Date, Loan Stop Advance Principal Credit, Loan Stop Advance Lender Pass Through Interest Credit and other key data attributes for eligible S/S loans in the Stop Delinquency Advance process.</p>	<p>For the Cash Reconciliation Cycle close on the 3rd business day for Actual/Actual (A/A) portfolio loans, servicers will have access to the Current Cycle Shortage Surplus Adjustments on Fannie Mae Connect and the Shortage/Surplus Report in SURF by the fourth business day.</p> <p>This will be first time that these reports will have data for only Actual/Actual (A/A) portfolio loans.</p> <p>Servicers will have access to the Additional LASER Reports which will include data for S/A, S/S & A/A portfolio loans in August for the last time and in the following months will have data for only A/A portfolio loans.</p>
<p>5 Monday 8/10/2020 (Aug CD10)</p>		<p>For the first time, Fannie Mae will provide S/S portfolio (i.e. MRS) and S/A Cash Position information in LSDU. Cash Position Summaries, P&I downloads and Cash Adjustments downloads will be available for each 9-digit Seller/Servicer number selected.</p>
<p>6 Monday 8/17/2020 (Aug CD17)</p> <ul style="list-style-type: none"> • Cash Remittance System Draft Notifications Report • MBS P&I Draft Notifications Report 	<p>Fannie Mae drafts S/S principal and interest on the 18th calendar day of August.</p> <p>For the first time, the Cash Remittance System Draft Notifications Report will be available the day before (CD17) on Fannie Mae Connect, as a draft notification to servicers for S/S portfolio loans. The report will reflect the net principal and interest amount to be drafted at the 9-digit seller/servicer number level. Fannie Mae will not draft principal and interest on eligible S/S portfolio (i.e., MRS) loans in the Stop Delinquency Advance process.</p> <p>The MBS P&I Draft Notification Report will be available the day before (CD17) on Fannie Mae Connect, as a draft notification to servicers for S/S MBS loans.</p> <p>For the first time, this report will reflect the net principal and interest amount to be drafted at the 9-digit seller/servicer number level. Fannie Mae will not draft principal and interest on eligible S/S MBS loans in the Stop Delinquency Advance process.</p>	<p>Fannie Mae drafts S/S principal and interest on the 18th calendar day of August.</p> <p>For the first time, the Cash Remittance System Draft Notifications Report will be available the day before (CD17) on Fannie Mae Connect, as a draft notification to servicers for S/S portfolio loans.</p>



Key Milestone		Servicer P&I Advance Requirement Change For July Reporting Period – (August Remittance Month – TM)	Cash Simplification Change For July Reporting Period – (August Processing Month – TM)
7	<p>Tuesday 8/18/2020 (Aug CD18)</p> <ul style="list-style-type: none"> Fannie Mae to initiate the July activity S/S P&I draft 	<p>Fannie Mae drafts S/S MBS and S/S portfolio (i.e., MRS) principal and interest on the 18th calendar day of August based on the July LARs received and processed by Fannie Mae.</p> <p>For the first time, Fannie Mae will not draft principal and interest on eligible S/S MBS loans and eligible S/S portfolio (i.e., MRS) loans in the Stop Delinquency Advance process.</p>	<p>For the first time, Fannie Mae drafts S/S Cash (i.e., MRS) principal and interest on the 18th calendar day of August based on the July LARs received and processed by Fannie Mae.</p>
8	<p>Thursday 8/19/2020 (Aug CD19)</p> <ul style="list-style-type: none"> Cash Remittance System Draft Notifications Report 		<p>For the first time, Fannie Mae drafts S/A principal and interest on the 20th calendar day of August and the Cash Remittance System Draft Notifications Report will be available the day before (CD19) on Fannie Mae Connect, as a draft notification to Servicers for S/A portfolio loans.</p>
9	<p>Thursday 8/20/2020 (Aug CD20)</p> <ul style="list-style-type: none"> Fannie Mae to initiate the July activity S/A cash draft 		<p>For the first time, Fannie Mae drafts S/A principal and interest on the 20th calendar day of August based on the July LARs received and processed by Fannie Mae.</p>
10	<p>Sunday 8/23/2020 (Aug CD23)</p> <ul style="list-style-type: none"> Processing Delay ends for Payment Deferrals, Delinquency Modifications and Bankruptcy Cramdowns on eligible S/S loans in Stop Delinquency Advance 	<p>The processing delay ends for Payment Deferrals, Delinquency Modifications and Bankruptcy Cramdowns on eligible S/S loans in Stop Delinquency Advance.</p> <p>Fannie Mae’s Investor Reporting System will begin to process Payment Deferrals, Delinquency Modifications and Bankruptcy Cramdowns on all eligible S/S loans that are in the Stop Delinquency Advance process.</p>	



Key Milestone		Servicer P&I Advance Requirement Change For July Reporting Period – (August Remittance Month – TM)	Cash Simplification Change For July Reporting Period – (August Processing Month – TM)
11	<p>Monday 8/24/2020* (Aug CD24)</p> <ul style="list-style-type: none"> Fannie Mae’s Investor Reporting System LAR Processing Window Opens <p>*Note: Due to the backlog of Payment Deferrals, Delinquency Modifications and Bankruptcy Cramdowns to be processed, the opening of Fannie Mae’s Investor Reporting System LAR processing window may be delayed on August 24, 2020</p>	<p>As LARs are received and processed, Fannie Mae’s Investor Reporting System will evaluate eligible S/S remittance type mortgage loans that are 120 or more days delinquent for the Stop Delinquency Advance process. <i>P&I advance reimbursements to servicers will occur generally within three to four business days of processing these cases.</i></p> <p>All S/S remittance type (SWAP and MRS) Cash Positions will be available in LSDU with enhanced P&I downloads and Cash Adjustments downloads for each 9-digit Seller/Servicer number selected.</p> <p>In addition, the Loan Stop Advance Status, Loan Stop Advance Start Date, Loan Stop Advance Adjusted Start Date and Loan Stop Advance Expiration Date will be available on the LSDU Loan Details screen and on the LAR 96 Exception Search Results download for eligible S/S loans in the Stop Delinquency Advance process.</p>	
12	<p>Monday, August 31 (Aug CD31)</p>	<p>P&I reimbursements generated due to reclass on eligible S/S loans in the Stop Delinquency Advance process may require adjustments through the shortage/surplus process.</p>	

Month After Transition (September 2020 Remittance Month for the August Reporting Period)

The month after transition (TM+1) is September 2020 when principal and interest drafts based on the August loan activity reporting period take place. The table on the following pages outline key milestones in the TM+1 September 2020 for the August Reporting Period.



Key Milestone	Servicer P&I Advance Requirement Change For August Reporting Period – (September Remittance Month – TM+1)	Cash Simplification Change For August Reporting Period – (September Processing Month – TM+1)
13 Wednesday 9/2/2020 (Sep BD2) <ul style="list-style-type: none">• Loan Activity Reporting Cycle closed for August activity on all loans	<p>Fannie Mae will finalize the population of eligible S/S remittance type mortgage loans for the Stop Delinquency Advance process based on the August LARs received and processed.</p> <p>Eligible S/S loans identified in the August cohort (based on July LARs) that continue to meet the criteria after August LARs are finalized will maintain their Loan Stop Advance Status Type and Loan Stop Advance Start Date under the Stop Delinquency Advance process.</p> <p>Fannie Mae will finalize a new cohort of eligible S/S loans that have become 120 days delinquent (based on August loan activity reporting) in a Loan Stop Advance Status Type and reflect September 1, 2020 as the Loan Stop Advance Start Date, indicating that the loans have entered the Stop Delinquency Advance process.</p>	



Key Milestone		Servicer P&I Advance Requirement Change For August Reporting Period – (September Remittance Month – TM+1)	Cash Simplification Change For August Reporting Period – (September Processing Month – TM+1)
14	<p>Thursday 9/3/2020 (<i>Sep</i> BD2+1)</p> <ul style="list-style-type: none"> Remittance Detail – P&I Report Cash Remittance System Draft Notifications Report MBS P&I Draft Notifications Report Remittance Detail – Cash Adjustments Report LSDU cash adjustment details data 	<p><i>For the first time, servicers will see additional fields in the Remittance Detail - P&I Report for eligible S/S remittance type loans in the Stop Delinquency Advance process, e.g., the Loan Stop Advance Status, Loan Stop Advance Start Date, Loan Stop Advance Adjusted Start Date.</i></p> <p>Servicers will have access to the Cash Remittance Draft Notification report at Summary level for S/S portfolio loans. The Cash Remittance System Draft Notifications Report with the pre-draft principal and interest amounts for S/S portfolio loans will be available by the third business day in Fannie Mae Connect. This report will reflect the net principal and interest amount to be drafted at the 9-digit seller/servicer number level. Fannie Mae will not draft principal and interest on eligible S/S portfolio (i.e., MRS) loans in the Stop Delinquency Advance process.</p> <p>Servicers will have access to the MBS P&I Draft Notification report at Summary level for S/S MBS SWAP loans. This report will reflect the net principal and interest amount to be drafted at the 9-digit seller/servicer number level. Fannie Mae will not draft principal and interest on eligible S/S MBS loans in the Stop Delinquency Advance process.</p> <p><i>For the first time</i>, the Remittance Detail – Cash Adjustments Report will contain additional data attributes and records on eligible S/S remittance type loans in the Stop Delinquency Advance process. The loan level detail and report data will also be available daily in LSDU.</p>	

For More Information

Servicers should contact future_of_servicing@fanniemae.com, their Servicing Consultant, Portfolio Manager or call 1-800-2FANNIE Master Servicing (1-800-232-6643, Option 1, Option 6) with any questions regarding this transition guide.