

Master Servicing Release Notes

July 30, 2020

Effective August 2020, Fannie Mae is making policy and operational changes to streamline and simplify our Master Servicing processes and systems. This document will help you prepare and implement the following changes:

- [Cash Simplification Changes to Investor Reporting](#)
- [P&I Advance Changes to Investor Reporting](#)

Cash Simplification Changes to Investor Reporting

Beginning August 2020, Fannie Mae is making policy and operational changes to simplify and streamline the Fannie Mae cash remittance and reconciliation processes. These changes will reduce touch points and eliminates manual operations for remitting Principal and Interest (P&I) for Scheduled/Scheduled (S/S) and Scheduled/Actual (S/A) portfolio loans.

With [Lender Letter LL-2019-07](#), Servicing Announcement [SVC-2019-08](#), and Servicing Announcement [SVC-2020-03](#), Fannie Mae announced the following future cash simplification changes to Investor Reporting.

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

Please refer to the table below for a summary of key dates and activities to help you prepare for the cash simplification changes to Investor Reporting.

Date	Summary of Activities – Cash Simplification
August 4 (BD2)	Fannie Mae will close the Cash Cycle on the 2nd business day for S/A and S/S portfolio loans, allowing analysts to perform cash adjustments requests up until August BD2 for the July loan activity reporting period.
August 5 (BD3)	Remittance Detail P&I report (Fannie Mae Connect & B2B) will add the new Fannie Mae Initiated remittance types of S/A and S/S portfolio loans.
	Cash Remittance System Draft Notification report (Fannie Mae Connect) pre-draft notification of principal and interest amounts for S/A & S/S Portfolio loans at summary level.



Date	Summary of Activities – Cash Simplification
	<p>Remittance Detail – Cash Adjustments Report (new B2B) with loan level adjustment details for remittance types of S/A and S/S portfolio loans.</p> <p>Fannie Mae will close the Cash Reconciliation Cycle on the 3rd business day for Actual/Actual (A/A) portfolio loans allowing analysts to perform cash adjustment requests to clear out shortages and surpluses up until August BD3 for the July loan activity reporting period.</p> <p>Accepted Transactions Report on Fannie Mae Connect will have data for only Actual/Actual (A/A) portfolio loans for the first time.</p>
August 10	New Cash Position P&I Draft Summary in LSDU, new Cash Position P&I Details Download, new Cash Position Adjustment Details Download for S/A and S/S portfolio loans (LSDU).
August 18	Fannie Mae to initiate P&I draft for the first time for S/S portfolio loans.
August 20	Fannie Mae to initiate P&I draft for the first time for S/A portfolio loans.

For comprehensive guidance on these changes, please review the following materials:

- For details on process changes and a summary of Fannie Mae Report changes in Fannie Mae Connect and SURF™, please refer to: [Fannie Mae Process Requirements - Future Cash Simplification Changes to Investor Reporting](#)
- For information on the key milestones and activities required to implement these changes, please refer to: [Fannie Mae Transition Guide - Future Cash Simplification Changes to Investor Reporting](#)
- For details on data attribute changes to the Remittance P&I Detail Report, please refer to: [Fannie Mae Report Specification – Future Cash Simplification Changes to Investor Reporting](#)
- For a list of frequently asked questions related to these changes, please refer to: [Fannie Mae FAQs-Future Cash Simplification Changes to Investor Reporting](#)

P&I Advance Changes to Investor Reporting

With [Lender Letter LL-2020-02](#) (updated April 29, 2020) and [Lender Letter LL-2020-08](#), Fannie Mae announced that effective with the August 2020 remittances (for the July 2020 loan activity), Fannie Mae will discontinue servicer advances of scheduled remittances of P&I payments for delinquent S/S remittance type mortgage loans (delinquency advances) after **four consecutive missed monthly payments** for mortgage loans serviced under the special servicing option

These changes 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.

Please refer to the table below for a summary of key dates and activities to help you prepare for the P&I Advance changes to Investor Reporting.

Date	Summary of Activities - P&I Advance Changes
August 4 (BD2)	Upon close of July loan reporting cycle, 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.



Date	Summary of Activities - P&I Advance Changes
August 5 (BD3)	Remittance Detail P&I report (Fannie Mae Connect & B2B)- will display P&I amounts as 0 for eligible S/S remittance type loans in the Stop Delinquency Advance process.
	Cash Remittance System Draft Notification report (Fannie Mae Connect) will reflect the net principal and interest amount to be drafted at the 9-digit seller/servicer number level for S/S portfolio loans. Fannie Mae will not draft principal and interest on eligible S/S portfolio loans in the Stop Delinquency Advance process.
	MBS P&I Draft Notification report (Fannie Mae Connect)- will reflect the net principal and interest amount to be drafted at the 9-digit seller/servicer number level for S/S SWAP MBS loans. Fannie Mae will not draft principal and interest on eligible S/S SWAP MBS loans in the Stop Delinquency Advance process.
August 6 (BD4)	Stop Advance Adjustment Detail August Draft Report (one-time report) will be available in Fannie Mae Connect only in the month of August detailing the key data attributes for eligible S/S loans in the Stop Delinquency Advance process.
August 18	Fannie Mae will not draft principal and interest on eligible S/S SWAP MBS loans and eligible S/S portfolio loans in the Stop Delinquency Advance process.
August 24	Servicers can access enhanced Cash Position P&I Summary in LSDU, enhanced Cash Position P&I Details Download, enhanced Cash Position Adjustment Details Download, and enhanced LAR 96 Exception Search Results in LSDU which will include S/S SWAP loans and other key data attributes for eligible S/S loans in the Stop Delinquency Advance process.
September 3 (BD3)	Enhanced Remittance Detail P&I (Fannie Mae Connect & B2B) and enhanced Remittance Detail – Cash Adjustments Report (B2B) to include key attributes related to Stop Delinquency Advance Process.

For comprehensive guidance on these changes, please review the following materials:

- For details on eligibility criteria and process changes, please refer to: [Fannie Mae Process Requirements - P&I Advance Changes to Investor Reporting](#)
- For information on the key milestones and activities required to implement these changes, please refer to: [Fannie Mae Transition Guide – P&I Advance Changes to Investor Reporting](#)
- To review the data attributes for existing and new reports in Fannie Mae Connect and B2B, as well as changes to LSDU, please refer to: [Fannie Mae Report Specifications – Servicing P&I Advance Changes to Investor Reporting](#)
 - New reports include: Stop Advance Adjustment Detail August Draft Report (One-Time for August only), Schedule/Schedule & Schedule/Actual Cash Position Summary, Schedule/Schedule & Schedule/Actual Cash Position P&I Detail, Schedule/Schedule & Schedule/Actual Cash Position Adjustment Detail and LAR 96 Exception Search downloads.
 - Enhanced reports include: new data elements in support of Servicer P&I Advance Solution Changes; Remittance Detail – Cash Adjustments Report (B2B- Introduced with Cash Simplification Changes) and Remittance Detail P&I (B2B & Fannie Mae Connect)
- For a list of frequently asked questions related to these changes, please refer to: [Fannie Mae FAQs-P&I Advance Changes to Investor Reporting](#)



Additional Helpful Resources

For more information about this release, please email [Future of Servicing](#) or contact Master Servicing at **1-800-2- FANNIE** (Option 1, Option 6).

Other helpful resources:

[Master Servicing Simplification Webpage](#)

[Servicing Learning Center](#)

[Fannie Mae Connect Help Center](#)

[SURF Learning Center](#)

[Fannie Mae Servicing Guide](#)

[Fannie Mae Investor Reporting Manual](#)