



Lender Letter LL-2019-07

August 14, 2019

To: All Fannie Mae Single-Family Servicers

Advance Notice of Fannie Mae-Initiated Principal and Interest Drafts for Scheduled/Scheduled and Scheduled/Actual Portfolio Mortgage Loans

This Lender Letter provides advance notification to servicers of the following changes that will simplify and streamline the cash remittance and reconciliation process:

- Fannie Mae-Initiated Principal and Interest (P&I) Drafts for Scheduled/Scheduled and Scheduled/Actual Portfolio Mortgage Loans
- Additional Investor Reporting Operational Enhancements

Remitting and Accounting to Fannie Mae

Servicers are currently required to remit P&I payments for scheduled/scheduled and scheduled/actual portfolio mortgage loans to Fannie Mae via the Cash Remittance System (CRS) in accordance with [F-1-21: Remitting and Accounting to Fannie Mae](#). Upon implementation of these changes, we will initiate drafting on scheduled/scheduled and scheduled/actual portfolio mortgage loans for monthly P&I due, based on Loan Activity Records (LARs) received and any adjustments processed. Servicers will be required to make all funds for scheduled/scheduled and scheduled/actual portfolio mortgage loans available for us to initiate drafting in accordance with the following table.

Mortgage Loan Type	The servicer must make all funds due Fannie Mae available for drafting...
Scheduled/Scheduled	by the 18th calendar day of each month, or the preceding business day if the 18th is not a business day.
Scheduled/Actual	by the 20th calendar day of each month, or the preceding business day if the 20th is not a business day.

NOTE: To assist the servicer in ensuring it will have sufficient funds in its drafting account, we will provide the Remittance Detail – P&I Report for P&I remittances by the third business day of each month. Servicers will continue to remit P&I payments for actual/actual mortgage loans via CRS as currently required.

Additional Investor Reporting Operational Enhancements

To further simplify the investor reporting process for servicers, we will

- modify the cash reconciliation cycle to reduce lag time between reporting and cash cycle close in accordance with the following table, and
- draft unapplied funds on mortgage loan modifications on the scheduled P&I draft date (previously, we drafted scheduled/scheduled and scheduled/actual unapplied funds on a mortgage loan modification when the modification closed in our servicing solutions system).



Mortgage Loan Type	Current Close Date	Updated Close Date
Scheduled/Scheduled & Scheduled/Actual	calendar day 27 following the LAR reporting cycle close	business day 2, to coincide with the LAR reporting cycle close date
Actual/Actual		business day 3, immediately following LAR reporting cycle close date on business day 2

Effective Date

The effective date for the changes in this Lender Letter is targeted for the second quarter of 2020; servicers will be notified once a specific effective date is determined. We will conduct servicer outreach to provide additional information on implementation requirements before the effective date.

Contact your Fannie Mae account team, Portfolio Manager, or Fannie Mae's Single-Family Servicer Support Center at 1-800-2FANNIE (1-800-232-6643) with any questions regarding this Lender Letter.

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