



# Lender Letter (LL-2021-12)

Updated: Dec. 14, 2022

## To: All Fannie Mae Single-Family Servicers Advance Notice of Changes to Master Servicing Processes and Systems

This Lender Letter provides advance notice of upcoming changes to our Master Servicing processes and systems. These changes further simplify and streamline servicer reporting and will be introduced in a phased approach. These changes are not applicable to reverse mortgage loans.

Dec. 14, 2022

- Remove the following topics which have been incorporated into the *Servicing Guide* or [Investor Reporting Manual](#) as of the dates indicated below:
  - Reimbursement of gross servicing fee and guaranty fee for mortgage loans with a payment deferral (September 2020)
  - Elimination of servicer's advance payment of UPB at foreclosure (August 2021)
  - Guaranty fee relief after four months delinquency (July 2022)

- Clarify effective date for remaining topics

**NOTE:** *Any future updates to the remaining topics in this Lender Letter will be communicated when appropriate via a separate policy communication.*

Feb. 2, 2022

- Update the effective date for the changes described in
  - [Streamline investor reporting with LSDU self-serve capabilities](#)
  - [Cash simplification changes](#)
  - [Guaranty fee relief after four months delinquency](#)

Sept. 29, 2021

- Announce effective dates for Cash Simplification changes

Jun. 16, 2021

- [Reimbursement of gross servicing fee and guaranty fee for mortgage loans with a payment deferral](#)
- [Elimination of servicer's advance payment of UPB at foreclosure](#)
- [Streamline investor reporting with LSDU self-serve capabilities](#)
- [Cash simplification changes](#)
- [Guaranty fee relief after four months delinquency](#)

## **Streamline investor reporting with LSDU self-serve capabilities** Updated Dec. 14

In June 2022, we began rollout of the new Master Servicing Portfolio Manager, a loan servicing management tool that allows servicer self-service and oversight in managing master servicing performance, portfolios, and loan activity.

In addition, we will make certain enhancements to create additional functionality in Loan Servicing Data Utility (LSDU) and retire SURF™ in conjunction with these updates. We will enhance LSDU to allow submission of all LAR types individually or in bulk for



original submission or correction of a previous submission, as well as to allow for submission of REMIC whole loan files and files involving mortgage loans requiring changes pursuant to the Servicemembers Civil Relief Act. Servicers will be able to access LSDU for loan and cash information and to submit files.

**NOTE:** For detailed information about LAR types refer to the [Investor Reporting Manual](#).

**Effective:** We will communicate further details about the enhancements to LSDU at a later date.

## Cash simplification changes **Updated Dec. 14**

We are changing the reporting due date for summary reporting mortgage loans, expanding the transaction type 96 (LAR) format, and changing P&I remittance requirements for summary reporting A/A remittance type mortgage loans.

### Reporting due date for summary reporting mortgage loans

For summary reporting mortgage loans, regardless of remittance type, servicers will be required to submit a LAR 96, reporting borrower payment activity, no later than the first business day after the servicer processes the payment transaction in its system. If no payment is received from the borrower, a LAR 96 must still be reported by the twenty-second calendar day of the month of the reporting period. If the twenty-second calendar day falls on a weekend or holiday, the LAR 96 is due on the preceding business day. Corrections to reported activity and any additional activity must be reported by the first business day after the servicer processes the activity in its system but no later than 8 p.m. Eastern Time on the first business day of the month following the reporting period.

**NOTE:** Aligned with the current process, we will continue to record activity for the last LAR 96 successfully processed.

**Effective:** We will communicate further details about these changes at a later date.

### LAR 96 format expansion

The LAR 96 summary reporting format will be expanded to include the data displayed in the following table.

Data Element	Description
Date of Last Full Payment	The date the last fully paid installment was received from the borrower.
Full LPI Date	The LPI date for the loan. Month and year must agree with the month and year reported in LAR 96 position 24 (LPI date).
Mortgage Principal and Interest Amount	The P&I portion of the borrower's regular installment payment for the reporting time period.
Mortgage Taxes and Insurance Amount	The T&I (i.e., escrow) portion of the borrower's regular installment payment for the reporting time period.
Trial Period Plan Payment Amount	For borrowers in the trial period plan of a modification, the amount of the trial payment for the reporting time period.
Deferred UPB	The amount of the deferred (non-interest bearing) portion of the UPB.
Escrow Balance Amount	The balance of funds held in escrow for the loan, including taxes and insurance.
Curtailment Date	The date of the curtailment. Up to twenty curtailments can be recorded during the reporting time period.
Principal Curtailment Amount	The curtailment amount applied to the interest bearing portion of the UPB. Up to twenty curtailments can be recorded during the reporting time period.

**Effective:** We will communicate further details about these changes at a later date.



## P&I remittance for summary reporting A/A mortgage loans

To simplify the servicer's responsibilities for remitting a P&I payment for an A/A remittance type mortgage loan, we will automatically initiate a draft of the remittance amount from the servicer's custodial account within 48 hours. This change will align to remitting requirements for summary and detailed reporting A/A remittance type mortgage loans and will also eliminate the monthly shortage/surplus balance reconciliation using *Schedule 3 – Reconciliation of Shortage Surplus (Form 472)*. Once the change becomes effective, we will settle-up any outstanding shortage/surplus balances at that time. There are no remitting changes for any other remittance types.

**Effective:** These changes are targeted to become effective after the implementation of the changes described in [Reporting due date for summary reporting mortgage loans](#) and [LAR 96 format expansion](#). We will communicate further details at a later date.

Servicers who have questions about this Lender Letter should contact the Future of Servicing mailbox at [future\\_of\\_servicing@fanniemae.com](mailto:future_of_servicing@fanniemae.com).  
Have Guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

**Let your voice be heard!** We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Lender Letter.

