

# Principal and Interest (P&I) Custodial Reconciliation (Form 496): Stop Delinquency Advance Process

## Job Aid

August 10, 2020

As described in [Lender Letter LL-2020-08](#), Fannie Mae is implementing a new “Stop Delinquency Advance Process” that discontinues servicer delinquency advances on eligible S/S remittance type mortgage loans after four consecutive missed monthly mortgage payments.

Upon the implementation of this new investor reporting process, servicers will be required to validate the outstanding P&I receivable on a monthly basis and make the necessary adjustments to its P&I custodial bank reconciliation (Form 496).

Fannie Mae will provide reports to determine the necessary adjustments to the bank and cash reconciliation processes.

## Making the adjustment for the Outstanding P&I Receivable to the Fannie Mae form 496

Form 496, Line 8 of Section II – Composition of Cashbook, represents the total P&I delinquent payments due from the borrower. To account for the Stop Advance credits, servicer will need to make an off-setting adjustment to Section II, line 12 on Form 496 with an explanation that this is an adjustment for the aggregate total of the outstanding P&I receivable (see Exhibit 3).

## July 2020 Loan Reporting Cycle – August 2020 P&I Draft (transition month)

For the transition month Stop Delinquency Advance process, a report will be made available in Fannie Mae Connect for servicers to download and obtain the aggregate outstanding P&I receivable on August 6, 2020.

A loan level one-time report, **Stop Advance Adjustment Detail August Draft Report**, containing stop advance outstanding P&I receivable will be available in Fannie Mae Connect for each nine-digit seller/servicer number (see exhibit 1). The adjustment will be the total for each loan in the column titled, *Outstanding FM P&I Receivable*, and should be entered in Section II, line 12 of the form 496 (see Exhibit 3).

### Exhibit 1: Stop Advance Adjustment Detail August Draft Report (Fannie Mae Connect)

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	Stop Advance Interest Credit	Outstanding FM P&I Receivable	Foreclosure Loss Risk Code	Stop Advance Period Delinquent Count

## August 2020 Loan Reporting Cycle and Subsequent Months

For post transition months, loan level reports containing the outstanding P&I receivable will be available in Loan Servicing Data Utility (LSDU) and Fannie Mae Connect for servicers to download.

The **Cash Position P&I Details Download**, available in LSDU or **Remittance Detail - P&I Report**, available in Fannie Mae Connect can be downloaded for each nine-digit seller/servicer number to obtain the outstanding P&I receivable for each loan (see Exhibit 2 & Exhibit 2.1). The adjustment will be the total for each loan in the column titled, *Outstanding Fannie Mae P&I Receivable (\$)*, and should be entered in Section II, line 12 of the form 496 (see Exhibit 3).



## Exhibit 2: Cash Position P&I Details Download (LSDU)

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 (\$)	Outstanding Fannie Mae P&I Receivable Amount (\$)	Stop Advance Period Delinquent Count	Principal Draft Amount (\$)	Unscheduled Principal Draft Amount (\$)	Interest Draft Amount (\$)	Total P&I Draft Amount (\$)
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### Exhibit 2.1: Remittance Detail – P&I Report (Fannie Mae Connect)

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	Outstanding Fannie Mae P&I Receivable Amount	Stop Advance Period Delinquent Count	Foreclosure Loss Risk Code
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Please review the [Fannie Mae Reports Specifications](#) to see the data attributes that have been added to support the Servicer P&I Advances Solution Changes to Investor Reporting in August 2020.

### Exhibit 3: Example 496

Principal and Interest (P&I) Custodial Account Analysis		Report for (Month and Year) Lender Number	
Section I - Depository Reconciliation		SCHEDULED/SCHEDULED MBS	
Line Number and Description	Amount	Amount	Amount
1. Depository Balance	\$0.00		
2. Add Deposits in Transit			
3. Less Outstanding Disbursements			
4. Depository Adjustments			
A. (+)			
B. (-)			
5. Adjusted Depository Balance	\$0.00		
6. Adjusted Depository			\$0.00
7. Less Cashbook Balance			\$0.00
8. Difference			\$0.00
<b>Section II - Composition of Cashbook Balance</b>			
	<b>S/S MBS Amount</b>		
1. Principal and Interest	N/A		
2. Principal From Current Month	N/A		
3. Prepaid Principal and Interest Installments			
4. Curtailment / Liquidation Principal			
5. Interest Fundings on Curtailments			
6. Interest Gains / Losses	N/A		
7. Fixed Installment on Pay-offs			
8. Delinquent Interest and Principal	\$0.00		
9. Unrecovered Interest	N/A		
10. Proceeds from Third Party Sales			
11. Servicing Fees Due Servicer			
12. Other: Aggregate total of the outstanding P&I receivable	\$0.00		
13. Total (Must Equal Line 7, Section 1)	\$0.00		

Provide Explanation for Difference:



## **For More Information**

For more information about the new Stop Delinquency Advance Process, please review these helpful materials 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](#)

[LSDU User Guide](#)

[Fannie Mae Servicing Guide](#)

[Fannie Mae Investor Reporting Manual](#)