

P&I Remittance Types

ADVANTAGE MPP



Scheduled/Scheduled (S/S)

Under the S/S remittance format the servicer is responsible for remitting all scheduled interest and principal to the investor when each payment is scheduled to be paid regardless of funds received from the borrower.

- If a borrower fails to make a P&I payment to the servicer, the servicer must still remit the scheduled P&I (net of the service fee) to the investor.
- The servicer is responsible for remitting the entire scheduled interest and principal amount for the prior month before the remittance draft date.
- The remittance draft date for government insured loans is the 15th of the month and for conventional loans is the 18th of the month.

Example:

The March month-end remittance file detailing each loan's payment activity during the month is sent to the master servicer on or before the 5th business day of April. By the 13th of April, the servicer should receive the final reconciled remittance report and Notice of Automatic Withdrawal (NAW). Prior to the 15th (FHA) or the 18th (conventional) of April, the servicer remits the total amount of funds for the March month-end P&I remittance. FHLBank Indianapolis drafts the March month-end interest and principal on the remittance draft date.

For questions regarding the remittance process, please contact the MPP department at 800-274-4636.

Actual/Actual (A/A)

Under the A/A remittance format the servicer is responsible for remitting all interest and principal received from the borrower. If the borrower fails to make a monthly payment the servicer is not responsible for advancing the scheduled interest and principal to the investor.

- The servicer is responsible for remitting the collected interest and principal (net of the service fee) to the investor **within two business days** of receipt from the borrower. The funds should be deposited into the designated A/A CMS account at FHLBank Indianapolis.
- FHLBank Indianapolis will draft the reported interest and principal amount from the servicer's A/A CMS account on the remittance draft date.

- The remittance draft date is the 18th of the month.

Example:

The March month-end remittance file detailing each loan's payment activity during the month is sent to the master servicer on or before the 5th business day of April. By the 13th of April, the servicer should receive the final reconciled remittance report and Notice of Automatic Withdrawal (NAW). FHLBank Indianapolis drafts the March month-end interest and principal on April 18th.

Because the funds are to be deposited into the designated A/A CMS account within two business days of receipt, there should never be an occurrence of an account overdraft due to a remittance draft. In the above example, by the time the draft is executed on April 18th, the A/A CMS account should contain all interest and principal payments received during the entire month of March as well as the payments received during the first half of April.

For questions regarding the remittance process, please contact the MPP department at 800-274-4636.