



Customer Education

Servicing Released Net Funding

Freddie Mac Selling System

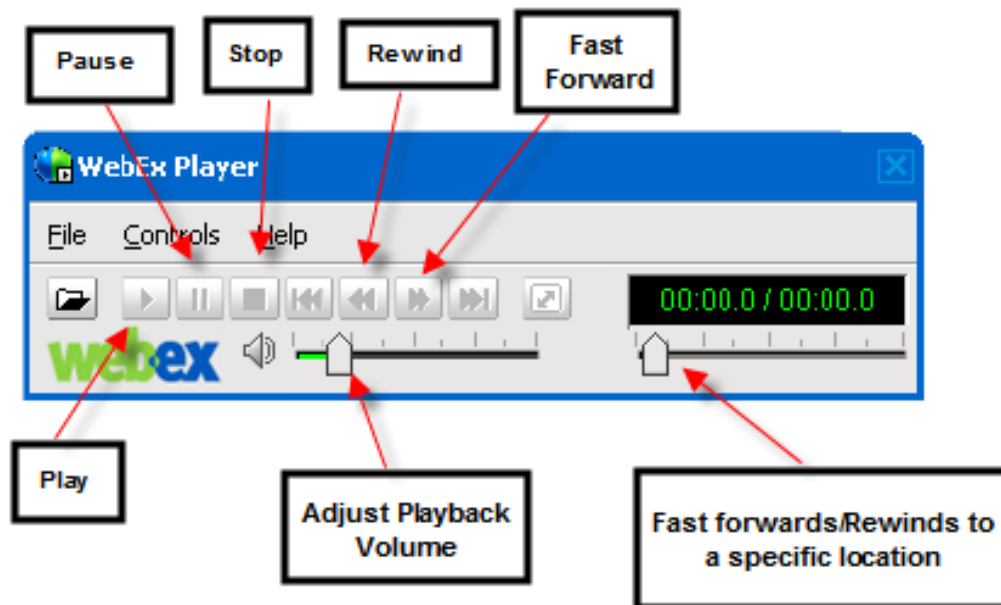
Your Freddie Mac presenter is...

Elizabeth Bowen



Tools and Tips

- ✓ Close all other applications to enhance your workstation's performance
- ✓ Maximize the window used for viewing this recording
- ✓ For technical support, call (866) 229-3239



Visit our Learning Center to view other distance learning offerings:
www.FreddieMac.com/learn



Agenda

- What is Net Funding?
- What are Funding Adjustments?
- Required Data Delivery Fields for Servicing Released Mortgages
 - ✓ Servicing Released Premium (SRP) Bid
 - ✓ Funding Adjustments
- Settlement Statements
- Wrap Up





What is Net Funding?

- On the settlement date, Freddie Mac deducts certain amounts from your sales proceeds for all servicing released mortgages
 - ✓ Servicing released adjustments due the servicing buyer
 - ✓ Exhibit 19 delivery fees due Freddie Mac
- Any reconciliation, correction or adjustment to the servicing released adjustments are the responsibility of Seller and the Transferee Servicer



Funding Adjustments

- Calculated by the Seller
 - ✓ Escrow deposit
 - ✓ Other adjustments
- Calculated by the Selling System
 - ✓ Interest adjustments
 - ✓ Servicing spread adjustment
 - ✓ Tax service fee
 - ✓ Transaction fee





Calculating Settlement Proceeds

$$\boxed{/ = +/-}$$

\$ Net Price X Principal purchased (includes SRP)

/ Premium/discount portion of price

- Total Fees (Exhibit 19 delivery fees)

+ Accrued interest

- Escrows

- Buydown Subsidy (other funds)

- Interest Adjustment

/ Servicing Spread Adjustment

- Tax Service Fee

- Transaction Fee

\$ Total Disbursement to Seller

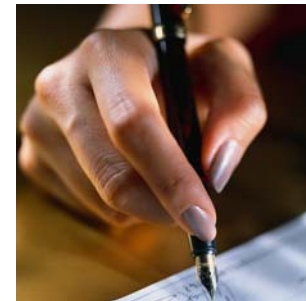




Exhibit 19 Delivery Fees

The Servicing Released Premium is embedded in the contract price

Summary of Contract Terms:

Contract Name:	spr	Remaining Balance:	\$0.00
Contract #:	808815772	Contract Amount:	\$300,000
Contract Type:	Best Efforts	Contract Status:	Accepted
Contract Product:	30-Year Fixed Rate Conventional	Accepted Date:	01/10/2008 17:23:37
Master Commitment:	F31777710	Expiration Date:	02/09/2008
Amortization Period:	239 to 362 months	Servicing Option:	Released
Interest Rate:	6.000% to 6.000%	Escrow Coverage:	Yes
Maturity Period:	241 to 360 months	Property State:	VA
		Cross Sell Rights:	Seller Released
		CS/LTV (A-Minus):	Yes
		Average Loan Amount:	\$300,000.00

Contract Options

- [Modify Best Efforts Contract](#)
- [Change Contract Name](#)
- [View/Print Contract Confirmation](#)
- [View Change History](#)

Loan Options

- [Print Loan\(s\)](#)
- [Enter Settlement Details](#)
- [Evaluate Loan\(s\)](#)
- [Build Form 1034](#)
- [Build Form 996E](#)
- [Set Docs Drawn Date](#)
- [Withdraw Loan](#)

Interest Rate Range: 6.000%

Contract Price: 99.804

Freddie Mac

Seller Loan Number: 1
 Contract Number: 808815772
 Unpaid Principal Balance: \$300,000.00
 Fee Calculation Date: 01/30/2008 07:19:01

Fee Name	Fee Amount	Fee in Basis Pts.
CS/LTV Fee (A-Minus*Non-LP)	\$4,500.00	150.00
Cash-out Refinance Fee (STD)	\$2,250.00	75.00
Total	\$6,750.00	225.0

Note: Prices and fees displayed here are not final. Prices and fees will be determined at settlement and reflected on your settlement statement based on the data provided by the Seller. Refer to Guide Exhibit 19 and other Purchase Documents for more information about price and fee adjustments that may apply.

Close Window

LP Activity

CS/LTV (A-Minus):	Yes
LP Indicator:	Non LP Loan
LP Price Level:	

Loan Details

[Go to Loan Pipeline to view additional columns for these loans](#)

Seller Loan Number	Borrower Last Name	Interest Rate	Loan Product	Loan Status	Unpaid Principal Balance	WHLService	Net Price	Total Fees
<u>1</u>	JOHN	6.000%	30-Year Fixed-Rate Conventional	New	\$300,000.00	No 666617	97.554	\$6,750.00



Required Data Delivery Fields

Loans

- Loan Pipeline
- Create New Loan
- View Evaluation Issues
- View Evaluation Results
- Import Loans

Settlement

- Review
- Certification Issues
- Enter Settlement Details
- Create/View
- Certification Forms
- Record Warehouse
- Lender Release
- View Warehouse
- Lender Release
- View Settlement
- Statements
- Transfer Servicing Instructions

How to package and ship documents to Servicer

Loan Fields Required For Pricing

These fields are required to price a loan in a Best Efforts contract.

Loan Product Name: *

Loan Feature

Seller Loan #: *

Original Loan Amount: * \$

Original Interest Rate: * %

Servicing Released Loan Information

Borrower Information

Borrower First Name: *

Middle Name:

Borrower Last Name: *

Social Security #/Tax ID: *

Is there a Co-borrower?: Yes No

Co-borrower First Name:

Co-Borrower Middle Name:

Co-borrower Last Name:

Social Security #/Tax ID:

Property Information

Property Type: *

Property Street Address: *

City: *

State: *

Zip Code: * -

Mortgage has monthly Escrow amount



Additional Required Data Delivery Fields

Additional Loan Fields That Affect Pricing

If you do not provide this information, the Selling System will assume values to price this loan.

Purpose of Loan:

Number of Units:

Purchase/Sales Price: \$

Current Unpaid Principal Balance: \$ (as of month of Settlement)

Appraised Value of Property: \$

Credit Score:

Credit Score Type:

Loan Prospector Key #:

Origin Type:

Wholesale (SCC002)

Not wholesale (SCC018)

Refinance Type:

Not a refinance

Cash out (SCC003)

No cash out (SCC007)

Secondary Financing:

	Source:	Amount:
<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	\$ <input type="text"/>



Other Required Data Delivery Fields: UPB & Interest Paid to Date

Note Information

For loans with Modification Agreements, enter the original note date and maturity date from the note, but enter the first payment date, P&I payment amount, and interest rate from the Modification Agreement and enter the Modified loan amount in the Original Loan Amount field.

Note Date:	<input type="text"/>		<input type="text"/>
			(mm/dd/yyyy)
Original Loan Amount:	\$ <input type="text"/>		
Original Interest Rate:	<input type="text"/>	%	
Original P&I Payment Date:	<input type="text"/>		
			(mm/dd/yyyy)
Maturity Date:	<input type="text"/>		
			(mm/dd/yyyy)
Original P&I Payment:	\$ <input type="text"/>		
Modification / Conv Date:	<input type="text"/>		
			(mm/dd/yyyy)

Property Street Address

 City

 State: Zip Code: Ext:

Current Unpaid Principal Balance:	\$ <input type="text"/>	Interest Paid to Date (DDLPI):	<input type="text"/>
(as of month of Settlement)		(as of month of Settlement)	(mm/dd/yyyy)

If Freddie Mac funding date occurs between the 11th and the end of the month in which the interest is paid to, you must:

- ✓ Amortize down the UPB
- ✓ Advance the interest paid to date to the following month



Real Estate Settlement Procedures Act (RESPA) Transfer Requirements

- Servicing Released Mortgages are subject to delivery of a scheduled UPB
- A scheduled UPB is a regularly scheduled payment and includes scheduled principal and interest, whether or not payments are collected from the borrower
- Mortgages sold servicing released must follow RESPA transfer requirements
 - ✓ The Transferor must provide timely notice to the Borrowers and comply with applicable laws and regulations
 - ✓ The Servicing Buyer begins reporting on the mortgage the 15th of the month following servicing transfer



Data Fields Required for Funding Adjustments and Servicer Setup

Escrow Information

(Required for Servicing-Released Mortgages.) RESPA requires Servicers to notify borrowers 15 days in advance of a transfer of servicing.

- Borrower Mailing Address Different from the Property Address
- US Address
- Mortgage has monthly Escrow amount

Borrower Mailing Address:

(If different from property address.)

Street Address:

11 Maple Avenue

City:

Vienna

State: Zip Code: Ext:

VA 22180 -

Monthly Property Taxes

State: \$ 185.22 /month
 City: \$ 46.20 /month
 County: \$ /month
 Township: \$ /month
 Other Tax: \$ /month

Monthly Insurance

Mortgage Insurance: \$ 145.11 /month
 Hazard Insurance: \$ 62.58 /month
 Flood Insurance: \$ /month
 Earthquake Insurance: \$ /month
 Other Insurance: \$ /month

Do not round up

Scroll down to escrow adjustment fields



Data Fields Required for Funding Adjustments and Servicer Setup (Cont'd)

Unapplied temporary buydown subsidy

Other Funds Collected

Escrow Deposit:	\$	<input type="text" value="5268.12"/>
Buydown:	\$	<input type="text"/>
Other Funds:		
<input type="text" value="Obsolete"/>	\$	<input type="text" value="X"/>
<input type="text" value="Obsolete"/>	\$	<input type="text" value="X"/>

Note: A red double-headed arrow points from the 'Obsolete' dropdowns to the crossed-out input fields.

Calculate the Escrow deposit:

- \$ Total escrows collected as shown on the HUD I
- Less any aggregate adjustments
- Less Tax & Insurance disbursements due and payable within 60 days of the Freddie Mac funding date
- + Plus T&I portion of payment if mortgage was amortized down
- = Escrow Deposit (will be deducted from the total disbursement)

If final HUD I reflects insufficient funds to satisfy escrow disbursement(s) due and payable by seller, the seller must:

- pay the amount due
- bill the servicer for the difference

View Settlement Statements

Pricing and Contracting

- Request FM Price Sheet
- Take Out Cash Contract
- Take Out Guarantor Contract
- Add Loans to Contract
- Remove Loans from Contract
- Pair-Off Contract
- Manage Templates
- Import Guarantor Contracts
- View Import
- Contract Results

Settlement

- Review
- Certification Issues
- Enter Settlement Details
- Create/View Certification Forms
- Record Warehouse
- Lender Release
- View Warehouse
- Lender Release
- View Settlement Statements**
- Transfer Servicing Instructions
- View Contract Pipeline

Select Contracts

Execution Type: Cash Guarantor Multilender Guarantor/Multilender

Contract Name:

Contract #:

Seller Loan #:

Pool #:

Settlement Date: From From: to
(mm/dd/yyyy) (mm/dd/yyyy)

<input type="button" value="View Purchase Statements"/>	<input type="button" value="View Funding Details"/>	<input type="button" value="Export Funding Details"/>	
Contract Name	Contract Number ↓	Settlement Date	Status
<input type="checkbox"/> CON-30YRRET1	537950	2008-07-25	Accepted
<input type="checkbox"/> CON-20YRRET1	537954	2008-07-25	Fulfilled
<input type="checkbox"/> 30yrconv-5	538170	2008-07-29	Accepted
<input type="checkbox"/> 30yrconv-78	538171	2008-07-25	Accepted
<input type="checkbox"/> 30yrconv-7	538221	2008-07-25	Accepted
<input type="checkbox"/> 30yrconv-7	538250	2008-07-25	Accepted
<input type="checkbox"/> 30yrconv-7	538290	2008-07-25	Accepted



Purchase Statement

Freddie Mac Loan Purchase Statement

Seller Name Customer Training
Seller Number 222210
Organization ID 233593347
Seller Address 125 Baker St PO Box 1111 256, Bristow
 VA 20136-1000

Contract Name	CN_TRAIN1	Remittance Option	Gold
Contract Number	783822301	Prepayment Remittance Due Days	5
Contract Expiration Date	March 8, 2008	Participation Percent	100.000%
Contract Amount	\$ 1,000,000.00	Contract Product	30-Year Fixed Rate Conventional
Contract Outstanding Balance	\$ 5,368.20		

Amount Wired to the Seller

Settlement Summary

Seller Loan Number	FHLMC Loan Number	Base Price	Net Price	Note Rate	Accounting Net Yield	Principal Purchased	Accrued Interest	Total Fees	Premium (Discount)	Total Disbursement
Funds wired to:										
A/C Name: 100213315 on 02/06/2008 2:36 PM										
TRAIN_30FRC_1	868093661	97.505%	97.505%	5.000%	4.750%	198,926.36	131.23	0.00	(4,963.22)	192,736.68
TRAIN_30FRC_2	868093653	97.505%	97.505%	5.000%	4.750%	198,926.36	131.23	0.00	(4,963.22)	193,256.68
TRAIN_30FRC_3	868093645	97.505%	97.505%	5.000%	4.750%	198,926.36	131.23	0.00	(4,963.22)	193,256.68
TRAIN_30FRC_4	868093696	97.505%	97.505%	5.000%	4.750%	198,926.36	131.23	0.00	(4,963.22)	193,256.68
TRAIN_30FRC_5	868093688	97.505%	97.505%	5.000%	4.750%	198,926.36	131.23	0.00	(4,963.22)	193,256.68
Sub Total						\$ 994,631.80	\$ 656.15	\$ 0.00	\$ (24,816.10)	\$ 965,763.40
Grand Total						\$ 994,631.80	\$ 656.15	\$ 0.00	\$ (24,816.10)	\$ 965,763.40

Servicing Released Proceeds Summary

Seller Loan Number	FHLMC Loan Number	Escrow	Other Funds	Interest Adjustment	Servicing Adjustment	Tax Fee	Transaction Fee
For loans funded on 02/06/2008 2:36 PM							
TRAIN_30FRC_1	868093661	500.00	20.00	787.41	(49.72)	75.00	25.00
TRAIN_30FRC_2	868093653	0.00	0.00	787.41	(49.72)	75.00	25.00
TRAIN_30FRC_3	868093645	0.00	0.00	787.41	(49.72)	75.00	25.00
TRAIN_30FRC_4	868093696	0.00	0.00	787.41	(49.72)	75.00	25.00
TRAIN_30FRC_5	868093688	0.00	0.00	787.41	(49.72)	75.00	25.00
Sub Total		\$ 500.00	\$ 20.00	\$ 3,937.05	\$ (248.60)	\$ 375.00	\$ 125.00
Grand Total		\$ 500.00	\$ 20.00	\$ 3,937.05	\$ (248.60)	\$ 375.00	\$ 125.00

Amount Wired to the Servicing Buyer



Total Disbursement Calculation

$$\text{Total Disbursement to Seller} = A + B - C + D - E - F - G - H - I - J$$

+A	+B	-C	+D	\$\$
Principal Purchased	Accrued Interest	Total Fees	Premium (Discount)	Total Disbursement

Settlement Proceeds Summary

235,000.00				
(Scenario A)	300.28	1,175.00	2,164.35	233,922.56
235,000.00				
(Scenario B)	412.88	1,175.00	2,164.35	232,866.69

-E	-F	-G	+/-H	-I	-J
Escrow	Other Funds	Interest Adjustment	Servicing Adjustment	Tax Fee	Transaction Fee

Funding adjustments due Servicing Buyer

2,180.12	0.00	0.00			
			(13.05)	75.00	125.00
2,180.12	0.00	1,126.04			
			29.38	75.00	125.00



Calculate Accrued Interest

- Freddie Mac funds the seller accrued interest on each loan delivered except when settlement occurs on the 1st of the month
- Accrued interest converts to an interest adjustment due the servicing buyer for reporting purposes
- Settlement Details:
 - ✓ Settlement date 7/9/08
 - ✓ Interest Paid to Date 8/1/08
 - ✓ UPB \$235,000
 - ✓ ANY Rate 5.75%
- Accrued Interest
 - ✓ Funded UPB X ANY% X Number of days/360
 - Number of days = 1st of the month to day prior to settlement
 - ✓ $\$235,000 \times 5.75 \times 8 \text{ days}/360 = \300.28



Calculating the Interest and Servicing Spread Adjustments

- The Selling System calculates the interest adjustment and the servicing spread adjustments based on
 - ✓ Funding/Settlement date
 - ✓ Interest paid to date
- The calculations differ based on the event dates mentioned above:
 - ✓ A. Settlement date falls between the 1st and the 10th of the same month as the interest paid to date
 - ✓ B. Settlement date occurs in month prior to the interest paid to date



Scenario A

- The first PITI payment to Servicer includes one month interest and one month servicing spread fee
- Settlement Details
 - ✓ Settlement Date: 7/9/08
 - ✓ Interest Paid To Date: 8/1/08
 - ✓ UPB \$235,000
 - ✓ ANY Rate 5.75%
- Interest Adjustment
 - ✓ Zero interest adjustment is due the servicer
- Servicing spread adjustment
 - ✓ Funded UPB X .0025
(servicing fee) X Number of days / 360
 - *Number of days* = 1st of month to day prior to settlement
 - ✓ $\$235,000 \times .0025 \times 8 / 360 = \13.05



Scenario B

- The Servicer must report on the mortgage the 15th of the month following servicing transfer and before a PITI payment is received from the borrower
- Settlement Details:
 - ✓ Funding date 7/12/08
 - ✓ Interest paid to date 8/1/08
 - ✓ UPB \$235,000
 - ✓ ANY rate 5.75%
- Interest Adjustment
 - ✓ Funded UPB X accounting net yield (ANY%)/12
 - 30 days interest due the servicer
 - ✓ $\$235,000 \times 5.75\% / 12 = \$1,126.04$
- Servicing spread adjustment
 - ✓ Funded UPB X .0025 (servicing fee) X number of days
 - *Number of days* = settlement date to the end of the month / 360 days
 - ✓ $\$235,000 \times .0025 \times 18/360 = \29.38



Tax Service & Transaction Fees

Settlement

- Review
- Certification Issues
- Enter Settlement
- Details
- Create/View
- Certification Forms
- Record Warehouse
- Lender Release
- View Warehouse
- Lender Release
- View Settlement
- Statements
- **Transfer Servicing**
- **Instructions**

- Tax Service Fee
 - ✓ Due on all servicing released mortgages (with or without escrow collections)
 - ✓ The fee varies between the servicing buyers
 - Refer to Transfer Servicing Instructions
- Transaction Fee
 - ✓ Due on all servicing released mortgages
 - ✓ Initial cost associated with servicing setup
 - ✓ \$125 (and subject to change at each servicer's discretion)
 - Refer to Transfer Servicing Instructions



Funding Details Report

Freddie Mac Funding Details Report

Seller Name: Customer Training
Seller Number: 222210
Organization ID: 233593347
Seller Address: N/A

Contract Name: CN_TRAIN1
Contract Number: 783822301
Contract Product: 30-Year Fixed Rate Conventional
Participation Percent: 100.000%
Remittance Option: Gold
Prepayment Remittance Due Days: 5

Designated Servicer Name: N/A
Servicer Number: 133463
Servicer Address: N/A

Settlement Summary

Seller Loan Number	FHLMC Loan Number	P & I Constant	Interest Paid to Date	Note Rate	ANY Rate	Remaining Maturity	Principal Purchased
Settlement Date: 02/06/2004							
TRAIN_30FRC_3	868093645	1,073.64	01/01/2008	5.000%	4.750%	356	198,926.36
TRAIN_30FRC_2	868093653	1,073.64	01/01/2008	5.000%	4.750%	356	198,926.36
TRAIN_30FRC_1	868093661	1,073.64	01/01/2008	5.000%	4.750%	356	198,926.36
TRAIN_30FRC_5	868093688	1,073.64	01/01/2008	5.000%	4.750%	356	198,926.36
TRAIN_30FRC_4	868093696	1,073.64	01/01/2008	5.000%	4.750%	356	198,926.36
Sub Total							\$ 994,631.80
Grand Total							\$ 994,631.80

Servicing Released Proceeds Summary

Seller Loan Number	FHLMC Loan Number	Escrow	Other Funds	Interest Adjustment	Servicing Adjustment	Tax Fee	Transaction Fee
Settlement Date: 02/06/2004							
TRAIN_30FRC_3	868093645	0.00	0.00	787.41	(49.72)	75.00	25.00
TRAIN_30FRC_2	868093653	0.00	0.00	787.41	(49.72)	75.00	25.00
TRAIN_30FRC_1	868093661	500.00	20.00	787.41	(49.72)	75.00	25.00
TRAIN_30FRC_5	868093688	0.00	0.00	787.41	(49.72)	75.00	25.00
TRAIN_30FRC_4	868093696	0.00	0.00	787.41	(49.72)	75.00	25.00
Sub Total		\$ 500.00	\$ 20.00	\$ 3,937.05	\$ (248.60)	\$ 375.00	\$ 125.00
Grand Total		\$ 500.00	\$ 20.00	\$ 3,937.05	\$ (248.60)	\$ 375.00	\$ 125.00



Resources

- Selling System Transfer of Servicing Instructions and Schedules:
 - ✓ Document Checklist
 - ✓ Servicer Packaging Instructions
 - ✓ Final Document Checklist
 - ✓ Seller Payment Refund Transmittal
 - ✓ Borrower Mailing/Billing Address Certification
- Single-Family Seller/Servicer Guide, Volume 1:
 - ✓ Section 9.9: Requirements for the Servicing Released Sales Process
 - ✓ Exhibit 28A: Loan Servicing Purchase and Sale Agreement for the Servicing Released Sales Process



Summary

- All servicing released mortgages are subject to the net funding process
- Servicing released funding adjustments are automatically deducted from the total proceeds you receive from Freddie Mac
- Freddie Mac wires funding adjustments on your behalf to the servicing buyer
- Post funding reconciliation/correction for servicing released adjustments are between the Seller and the Servicer
- Participate in the Servicing Released Transfers training



Learning Center Updates

The **Learning Center Updates** page provides quick access to new and updated resources to help you with underwriting, mortgage products, selling, servicing, and more.



View a summary of recent changes at www.FreddieMac.com/learn/ch_ind/



FREE!

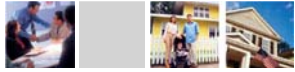
Subscribe!

at

www.FreddieMac.com/learn/subscribe

It's a monthly notification that's not just another email in your inbox!

Receive a timely email informing you of new and updated training and education resources.



*Thank you for your
participation!*

