

Understanding the Daily ACH Process



Daily ACH

This document will provide you with a general understanding of Freddie Mac's Daily ACH (Automated Clearing House) Process for mortgages sold under the Guarantor and MultiLender Swap Programs. You will use the information below to assist you in tailoring your settlement and reconciliation process for Freddie Mac's Daily ACH Process.

Under the Daily ACH Process, Freddie Mac will automatically draft or credit your designated Seller ACH account five (5) business days after each settlement the net amount owed either to you or Freddie Mac after assessment of delivery fees, buy-up proceeds and buy-down amounts.

Freddie Mac will notify you when the Daily ACH will apply to mortgages you sell under the Guarantor and MultiLender Swap programs.



You will continue to be assessed the net amount of other monthly billed fees associated with the sale of mortgages to Freddie Mac in accordance with *Single-Family Seller/Service Guide* (Guide), Section 6303. Refer to the table below for more information on fees and credits included in the Daily and Monthly ACH.

Daily ACH (Draft or Credit occurs five (5) business days after settlement)	Monthly ACH (Draft or credit occurs the end of the month following the month of settlement)
<ul style="list-style-type: none">▪ Delivery Fees▪ Buy-up Proceeds▪ Buy-down Amounts	<ul style="list-style-type: none">▪ Delivery Fee Adjustments▪ Pair Off Fees▪ Gold Rush Fees▪ Training Fees▪ Super Conforming Over-Delivery Fees▪ Yield Maintenance Fees▪ Other Delivery Fees Not Assessed at Loan Settlement

Under the Daily ACH Process:

- You will receive a courtesy e-mail from Freddie Mac three (3) business days after settlement (two (2) business days before the ACH Draft), informing you of the amount your ACH account will be drafted (also known as Freddie Mac Treasury Settlement). It is your responsibility to ensure that the ACH account maintains sufficient funds to cover drafts by Freddie Mac.
- Your ACH account will be drafted five (5) business days after the related settlement for the amount reflected in the e-mail notification.
- You will be drafted for *all* loans settled on a particular settlement date.
- Your ACH account will be drafted on business days only.
- Daily ACH e-mail notifications will *not* be processed on the 1st of any month; therefore, your daily ACH draft/credit e-mail notification will be sent on the next business day, resulting in a one-business-day delay in the ACH draft/credit. For further clarification, please refer to the calendar below.
- You can export the Selling System's Fee Detail report to assist you with your ACH reconciliation.
- You will receive your Seller Statement and Invoice by the 10th of each month. The Statement and Invoice will include activity for the previous calendar month and will reflect Payments/Adjustments for Daily ACH drafts/credits.

The following illustration will help you better understand the Freddie Mac Daily ACH timeline.

FOR ILLUSTRATION ONLY

**Initial Daily ACH Draft
Guarantor Settlements Only**

EXAMPLE – FUNDS SETTLEMENT 5 BANKING DAYS

LOAN SETTLEMENT 04/12/2011 →
 COURTESY EMAIL ACH TOTAL 04/15/2011 →
 OPEN RECEIVABLES DATE RANGE 04/01/2011 THRU 04/12/2011 →
 FREDDIE MAC TREASURY SETTLEMENT 04/19/2011

Initial ACH Draft – 04/19/11 Guarantor Settlement Fees 04/01/11 through 04/12/11						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13 SIFMA Trade 30/20	14	15	16
17	18 SIFMA Trade 15	19	20	21	22	23
24	25	26 SIFMA Trade ARMS/Balcons.	27	28	29	30

A blackout occurs if the first of the month falls on a business day. In those cases the courtesy email notification will not be processed and will delay the Freddie Mac Treasury Settlement/Daily ACH Draft date by one business day.

	APRIL 2011		
	Loan Settlement	Courtesy Email	ACH Draft or Credit
3000 YP	4/1 thru 4/12	4/15	4/19
	4/13	4/18	4/20
	4/14	4/19	4/21
	4/15	4/20	4/22
15 YP	4/16	4/21	4/23
	4/17	4/22	4/24
	4/18	4/23	4/27
	4/19	4/24	4/28
	4/20	4/27	4/29
	4/21	4/28	5/2
ARM	4/22	4/29	5/3
	4/23	5/2	5/4
	4/24	5/3	5/5
	4/25	5/4	5/6

- ✓ Daily ACH - Guarantor Settlement Delivery Fees and Buy Ups/Buy Downs.
- ✓ Daily ACH Logic also references the calendar year Banking Holidays and adjusts accordingly.
- ✓ Monthly ACH - Fees not included in the daily ACH are drafted at the end of the month such as Delivery Fee Adjustments, Pair Off Fees, Training Fees, Other Delivery Fees not assessed at Loan Settlement.

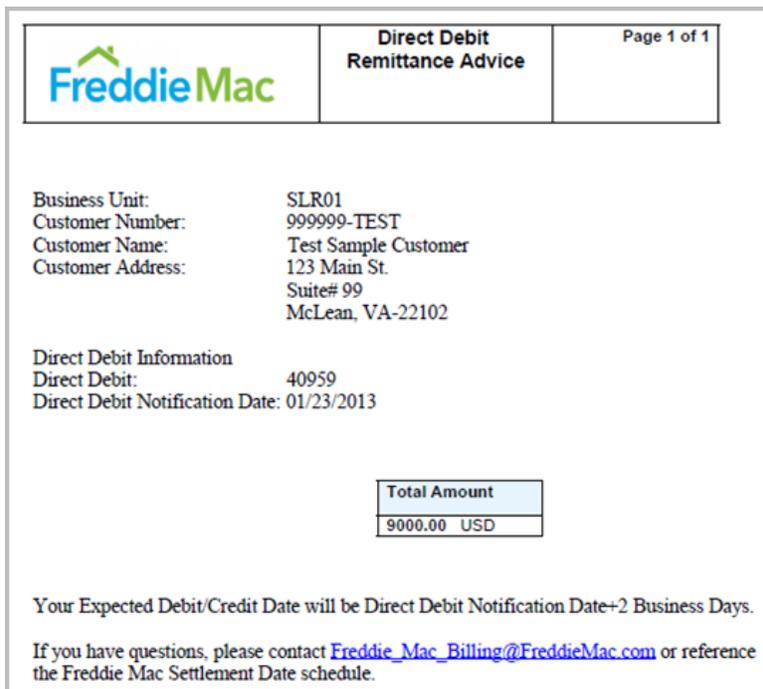
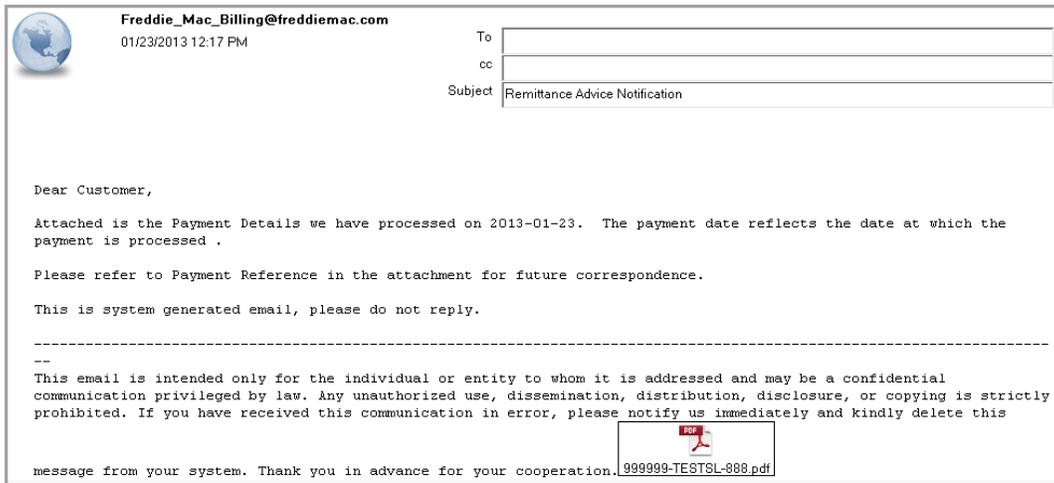
Courtesy E-mail Notification

The courtesy e-mail notification will be sent to designated individuals in your organization by Freddie Mac three business days after the Freddie Mac settlement date. You must ensure the appropriate representatives and designated business areas in your organization are signed up to receive the notification. Refer to the section titled Request Courtesy E-mail Notification for instructions on how to sign up.

The courtesy e-mail notification will contain:

- A subject title of Remittance Advice Notification
- An attachment titled Direct Debit Remittance Advice that contains the ACH draft information

A sample e-mail notification and attachment are shown below.



Request Courtesy E-mail Notification

Freddie Mac recommends that you designate more than one member of your organization as a courtesy e-mail recipient. To designate or add a recipient, send a written request to Freddie_Mac_billing@freddiemac.com. The request must include your Seller/Servicer identification number, your contact information (name, e-mail and phone number), team/department e-mail address (if one is available) and state the reason for your request. If you need to delete or modify an existing recipient, follow the above instructions and state the reason for the revision. There is no limit to the number of courtesy e-mail recipients within an organization.

An example e-mail request is shown below.



Please refer to the [Daily ACH Q&A](#), at the end of this document, for more information and tips.

Seller Statement/Invoice

You will continue to receive your Seller Statement/Invoice referred to in Guide Section 6303 by the 10th of each month. In general, the content of the statement and invoice will remain unchanged. What will change as a result of the Daily ACH process is that Daily ACH draft amounts will appear as an Applied Payment in the Transaction column. If successfully drafted, these amounts will be deducted from the total amount Due/Payable to Freddie Mac. Therefore, when Freddie Mac drafts your ACH account (on the last business day of the month), the amount of the draft will be reduced by any previously successful drafted Daily ACH amounts. A sample Seller Statement reflecting successful Daily ACH drafts is shown below.

Seller Statement

8250 Jones Branch Drive, McLean, Virginia 22102

Customer Number: 999999
 Statement ID: SLR 999999 01312011 167
 As of Date: 1/31/2011
 Due Date: 2/28/2011

999999
 ABC Mortgage
 8200 Jones Branch Drive
 McLean, VA 22102

Do not remit payment. Your Seller bill has been set up for Freddie Mac's ACH program. \$ 1,306,527.32 will be drafted on 2/28/2011.

Attn: John Doe

Line#	Date	Transaction	Payment Type	Check/Wire #	Charges/Credits	Payments/Adjustments	Disputed Amount	Outstanding Balance
1	12/31/10	Invoice SLR 1210999999			\$30,037,757.56			
2	01/31/11	Applied Payment	ACH			\$(28,963,890.67)		
		Balance:						\$0.00
3	01/19/11	Applied Payment	ACH			\$(3,834,521.57)		
4	01/24/11	Applied Payment	ACH			\$(5,677,866.36)		
5	01/25/11	Applied Payment	ACH			\$(1,895,074.78)		
6	01/26/11	Reversed Payment	ACH			\$ 1,895,074.78		
7	01/26/11	Applied Payment	ACH			\$(3,092,047.68)		
8	01/31/11	Invoice SLR 0111999999			\$15,917,463.24			
9	01/31/11	Applied Payment	ACH			\$(1,080,367.20)		
		Balance:						\$1,306,527.32

Current Charges:	\$ 15,917,463.24
Prior Month's Charges:	\$30,037,757.56
Late Payment Fees:	\$0.00
Payments/Adjustments:	\$(44,648,693.48)
Less Items in Dispute:	\$0.00
TOTAL DUE / PAYABLE:	<u>\$ 1,306,527.32</u>

Key:
 2. ACH Disbursement: Monthly ACH Draft (Refer to December 2010 Invoice.)
 3. Applied Payment: Daily ACH Draft (Refer to January 2011 Invoice.)
 6. Reversed Payment: Daily ACH Draft Reversal (Collection failed and resulted in a return.)

The Seller Invoice includes loan level fee amounts based on the contract/pool number and is organized by fee type. You can use the Seller Invoice in conjunction with reports available in the selling system for reconciliation purposes.

Access Selling System to View and Export Loan Level Fees

The selling system discloses your delivery fees, buy-up proceeds and buy-down amounts as soon as you allocate loans to a Guarantor or MultiLender Swap contract. You can either view or export this information based on your needs.

Use the Fee Detail MISMO 3.0 export to perform your Daily ACH reconciliation. We strongly encourage you to export your fee detail report on the Freddie Mac settlement date. If you export the fee detail report after settlement, adjustments may have been processed and can affect/impair a smooth reconciliation of fees/credits.

The selling system export functionality allows you to create a fee detail report based on criteria you select. For reconciliation purposes, select the Fee Detail MISMO 3.0 Data Set; enter the Requested Settlement Date, Execution Type of Guarantor and/or MultiLender and a Locked status of Funded.

If you do not have access to the selling system, please contact your Freddie Mac Selling System Representative or Customer Support (800-FREDDIE).

How to Optimize Fee Detail Data to Calculate the Expected Daily ACH Draft Amount

1. After the Fee Detail report has been exported and saved as a .csv file, open the report.
2. Look for the Current BUBD Proceeds column (G) and create a sum total of the column.
3. Locate the Delivery Fee Amount (\$) column (AM) and create a sum total of the column.



Note that the report will identify the values of BUBD in the opposite amount (- = +).

4. Calculate the sum of the total delivery fees and opposite value of the BUBD proceeds.

	G		AM	AG
1	Current BUBD Proceeds		Total Delivery Fee Amount(\$)	Loan Fee Type 1
62	-956.16		0	IS/LTV Fee for Relief Refi. Mo
63	672.93		0.01	IS/LTV Fee for Relief Refi. Mo
64	263.67		2312.9	Investment Property
65	972.10		0	IS/LTV Fee for Relief Refi. Mo
66	652.79		3.3	IS/LTV Fee for Relief Refi. Mo
67	1872.72		0	IS/LTV Fee for Relief Refi. Mo
68	1898.64		0.24	IS/LTV Fee for Relief Refi. Mu
69	16,783.58			
70			67,439.40	
71			50,655.82	

=AM69+(-1*G69)

Daily ACH Frequently Asked Questions

1. Does the Daily ACH process include credits, too?

Yes, the Daily ACH process includes both funds due to Freddie Mac and credits we owe you.

2. Why is the amount listed in the Daily ACH courtesy e-mail attachment for loans we settled on [month/date/year] higher than expected?

The amount listed in the courtesy e-mail attachment may be higher than expected because it may also reflect:

- Fees from a previous failed Daily ACH draft
- Previously disputed fees
- Fees not processed as a result of the Daily ACH blackout period (see illustration on page 3)

3. Why is the amount listed in the Daily ACH courtesy e-mail attachment for loans we settled on [month/date/year] lower than expected?

The amount listed in the courtesy e-mail attachment may be lower than expected because it may also reflect:

- Application of a previously failed credit
- A portion of your fee amount that may have been placed in dispute, and as a result, is not reflected in the current amount

4. I have a question about the delivery fee amount that I see in the selling system. What steps should I take?

- If the loan has already settled, verify that you delivered accurate loan data. If you discover that you made an error in delivering your loan data, you must follow our standard post-fund data correction process to resolve any fee discrepancies. As part of the standard post-fund data correction process, any fee adjustments will appear on your next monthly Seller billing statement.
- If the loan has not settled and you are trying to validate fees, refer to Guide Exhibit 19, contact your Loan Delivery Representative or Customer Support (call 800-FREDDIE, select Option “3”)

5. How can I view and export my postsettlement delivery fees in real time?

The selling system fee detail export function allows you to view and export your postsettlement delivery fees in real time. To get an accurate view of the delivery fees you will be assessed at loan settlement, we encourage you to export your fee detail report on the Freddie Mac settlement date. If you export the fee detail report after settlement, adjustments may have been processed and can affect/impair a smooth reconciliation of fees/credits.

6. Who can I contact if I have additional questions about, or need to dispute the fee amount reflected in the Daily ACH e-mail?

If you have questions or believe you need to dispute the fee amount you see in the Daily ACH courtesy e-mail, contact your Loan Delivery Representative, Account Manager, or Customer Support (call 800-FREDDIE, select Option “3”)

7. We requested a post-funding data correction for a loan. Based on the changes made, the fees we’re being charged are higher than what we expected. Why don’t we see the fee adjustment for the loan in the Daily ACH draft?

Initial fees are assessed based on the loan data provided at loan settlement and are collected through the Daily ACH process. Any fee adjustments are processed and managed through our existing Monthly ACH billing process and will be reflected on your next monthly Seller billing statement. You also have an opportunity to review your fees in the selling system prior to loan settlement in order to validate expectations or correct data to avoid data corrections after settlement.

8. Can we have separate accounts for our Daily ACH and Monthly ACH transactions?

No. Having separate accounts is not an option. The bank account your organization designates for ACH drafts must be used for all funds we collect for your Seller billing through both the Daily ACH and Monthly ACH process.

9. Why do we have two different ACH drafts that occurred on the last business day of the month?

You may have two different ACH drafts occurring because the Monthly ACH draft regularly takes place on the last business day of the month, and there will be instances when a Daily ACH draft falls on that same last business day of the month. That's why it is important to make sure the account you've established for ACH drafts is adequately funded to cover both the Daily and Monthly ACH drafts.

10. How do you define a "business day?"

We define a "business day" as a day other than when:

- It is Saturday or Sunday
- The Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is closed
- Freddie Mac offices are closed

11. Why didn't we receive an e-mail notifying us about the Monthly ACH draft amount?

We do not provide e-mail notifications for Monthly ACH drafts. We only issue a courtesy e-mail as part of the Daily ACH process. For information on your Monthly ACH fees, refer to the monthly Seller bill, which includes the Seller Statement/Invoice we mail to you the first week of every month.

12. What if we didn't fund our account in time for a scheduled Daily ACH draft? Will you send the Daily ACH draft request again?

If a Daily ACH draft fails for any reason, once Freddie Mac receives notification that the draft failed, the fees we were not able to collect will be added to the balance for the next available Daily ACH draft.

Several business days may pass before we attempt the next Daily ACH draft, depending on how soon we are notified that the previous draft failed. Our Daily ACH process does not support sending back or repeating the same Daily ACH draft transaction.

13. Why is the amount of my Monthly ACH Draft different than what is indicated on my monthly Seller billing statement?

The difference could be a result of loans that settled during the last week of the Seller billing statement period and funds for these fees were collected during the first week of the new billing statement period. The difference could be a result of monthly fees placed into, or removed from dispute status.

14. Where can we get the loan-level fee details that correspond to the Daily ACH amount in the courtesy e-mail?

You can use the selling system to view and export your loan level delivery fees. For information on how to use the selling system to view and export your fees, review our job aid, [Guarantee Fee \(Gfee\) Add-On Pricing](#).

If you do not have access to the selling system, please contact your Loan Delivery Representative, Account Manager, or Customer Support (call 800-FREDDIE, select Option "3")

15. Our organization needs to update our ACH banking instructions. What do we need to do to make changes?

To make changes or update your ACH banking instructions, download the [Form 1132, Authorization for Automatic Transfer of Funds Through the Automated Clearing House \(ACH\)](#), from www.FreddieMac.com and follow the instructions on the form, including notarization and meeting Certificate of Incumbency requirements.