



Understanding Custodial Accounts

Cash Disbursement Variances



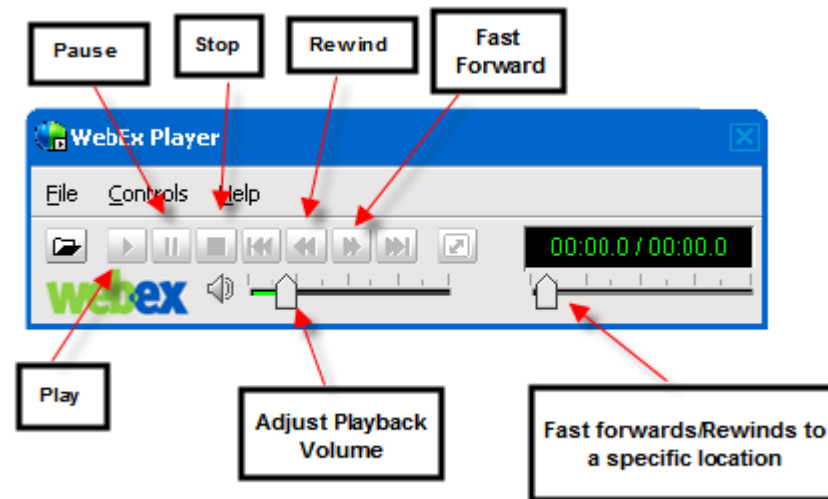
Your Freddie Mac presenter is...

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



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Agenda

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■ Define Cash Disbursements Variances.....	8-9
■ Completing the Cash Disbursement Variance Worksheet.....	10-17
■ Identifying Cash Disbursement Variances.....	18-26
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Reconcile P&I Custodial Account Process

1. Complete form 59, P&I reconciliation worksheet
2. Calculate your cash receipts variance
- 3. Calculate your cash disbursements variance
4. Verify that your worksheets are correct by using the numbers check formula
5. Identify transactions causing cash receipts variance and record on a current cycle variance log
- 6. Identify transactions causing cash disbursements variance and record on a current cycle variance log
7. Record all outstanding variances on the cumulative variance log and designate as cash or paper
8. Repeat the above steps for each previous cycle until the total cumulative variance is identified



Current Cycle Variance Analysis

Cash Receipts Variance

- Cash Disbursements Variance

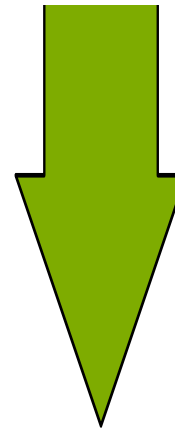
= Total Current Cycle Variance
(Line 6C of Form 59)



What is a Cash Disbursement?

A cash disbursement is any transaction that reduces your bank balance.

- ✓ Journal entries
- ✓ Manual adjustments
- ✓ Check transfer
- ✓ GPI EFT/ACH debits
- ✓ Payment reversals





Cash Disbursement Variances

Cash disbursement variances occur when the amount on the “Remittances Made” line of your MAS is different from what was withdrawn from the bank.

**Bank Statement
Withdrawals**

≠

**Monthly Account Statement
Remittances**



Cash Disbursements to Amount Remitted

Worksheet

as of February 15

Section 1 - Adjusted Cash Disbursements

1 a) Cash Disbursements from Bank Statement _____

1 b) Add outstanding debits _____

1 c) Less previous cycle's outstanding debits _____

1) Adjusted cash disbursements (Line 1 a + 1 b - 1 c) -----

Section 2 - Total Remittances to Freddie Mac

2) Total cash made available to Freddie Mac in the cycle
(Remittances made from the *Monthly Account Statement*) -----

Section 3 - Total Variance

3) Total cash disbursements variance (Line 1 - Line 2) -----



BANK OF BAGWAN 15-Feb

Posted Date	Withdrawals	Deposits	Transactions	Bank Balance
15-Jan			BEGINNING BALANCE	46,000.00
18-Jan	38,314.75		GPI ACH - FHLMC	7,685.25
25-Jan		637.40	MORTGAGE COLLECTIONS	8,322.65
27-Jan		1,051.01	MORTGAGE COLLECTIONS	9,373.66
31-Jan		869.63	MORTGAGE COLLECTIONS	10,243.29
1-Feb		1,966.73	MORTGAGE COLLECTIONS	12,210.02
2-Feb		5,579.84	MORTGAGE COLLECTIONS	17,789.86
3-Feb		2,752.47	MORTGAGE COLLECTIONS	20,542.33
6-Feb		1,336.99	MORTGAGE COLLECTIONS	21,879.32
7-Feb		3,782.87	MORTGAGE COLLECTIONS	25,662.19
7-Feb	7,114.57		GPI ACH - FHLMC	18,547.62
8-Feb		140,630.61	MORTGAGE COLLECTIONS	159,178.23
9-Feb		2,526.99	MORTGAGE COLLECTIONS	161,705.22
10-Feb		2,590.54	MORTGAGE COLLECTIONS	164,295.76
13-Feb		672.92	JE - ADJUSTMENT- January	164,968.68
13-Feb		5,201.78	MORTGAGE COLLECTIONS	170,170.46
13-Feb	138,986.14		GPI ACH - FHLMC	31,184.32
14-Feb		710,759.35	MORTGAGE COLLECTIONS	741,943.67
15-Feb	4,571.02		JE - ADJUSTMENT- January	737,372.65
15-Feb		4,023.34	MORTGAGE COLLECTIONS	741,395.99
TOTALS	188,986.48	884,382.47	ENDING BALANCE	741,395.99



Cash Disbursements to Amount Remitted

Worksheet

as of February 15

Section 1 - Adjusted Cash Disbursements

1a)	Cash Disbursements from Bank Statement		<u>\$188,986.48</u>
1b)	Add outstanding debits	_____	
1c)	Less previous cycle's outstanding debits	_____	
1)	Adjusted cash disbursements (Line 1a + 1b - 1c)		_____

Section 2 - Total Remittances to Freddie Mac

2)	Total cash made available to Freddie Mac in the cycle (Remittances made from the <i>Monthly Account Statement</i>)		_____
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Section 3 - Total Variance

3)	Total cash disbursements variance (Line 1 - Line 2)		_____
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REPORT: LLR6110R		LOAN LEVEL REPORTING		
ACCOUNTANT:		MONTHLY ACCOUNT STATEMENT		
SERVICER:	123456	AS OF:	15-Feb	
BEGINNING BALANCE				45,429.32
		PRINCIPAL DUE	INTEREST DUE	TOTAL P&I
NON EXCEPTIONS		4,349.39	38,460.38	42,809.77
PREPAID PAYOFF	(61)	305,047.27	2,404.53	307,451.80
ADD TOTAL PRINCIPAL & INTEREST		309,396.66	40,864.91	350,261.57 350,261.57
LESS REMITTANCES MADE				184,415.46
ADD ADJUSTMENTS MADE BY FREDDIE MAC				0.00
ENDING BALANCE				211,275.43



Cash Disbursements to Amount Remitted

Worksheet

as of February 15

Section 1 - Adjusted Cash Disbursements

1a)	Cash Disbursements from Bank Statement		<u>\$188,986.48</u>
1b)	Add outstanding debits	<u>0</u>	
1c)	Less previous cycle's outstanding debits	<u>0</u>	
1)	Adjusted cash disbursements (Line 1a + 1b - 1c)		\$188,986.48

Section 2 - Total Remittances to Freddie Mac

2)	Total cash made available to Freddie Mac in the cycle (Remittances made from the <i>Monthly Account Statement</i>)		<u>\$184,415.46</u>
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Section 3 - Total Variance

3)	Total cash disbursements variance (Line 1 - Line 2)		_____
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Cash Disbursements to Amount Remitted

Worksheet

as of February 15

Section 1 - Adjusted Cash Disbursements

1a)	Cash Disbursements from Bank Statement		<u>\$188,986.48</u>
1b)	Add outstanding debits	<u>0</u>	
1c)	Less previous cycle's outstanding debits	<u>0</u>	
1)	Adjusted cash disbursements (Line 1a + 1b - 1c)		\$188,986.48

Section 2 - Total Remittances to Freddie Mac

2)	Total cash made available to Freddie Mac in the cycle (Remittances made from the <i>Monthly Account Statement</i>)		<u>\$184,415.46</u>
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Section 3 - Total Variance

3)	Total cash disbursements variance (Line 1 - Line 2)		<u>4,571.02</u>
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Causes of Cash Disbursement Variances

Cash disbursement variances are created by:

- Recovery of advances
- Removal of servicing fees
- Unauthorized withdrawals



Cash Disbursement Variances

- ✓ First record the total amount of your cash disbursement variance (line 3) on a Current Cycle Variance Log.



Cash Disbursement Variances

- ✓ First record the total amount of your cash disbursement variance (line 3) on a Current Cycle Variance Log.
- ✓ Next, identify cash disbursement variances by recording any withdrawals from the custodial account that are not GPI debits.



BANK OF BAGWAN 15-Feb

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Recording Variances

We suggest recording the corrective action necessary to clear the variance:

- + Record as a positive (or add) amounts that need to be deposited to the bank account
- Record as a negative (or deduct) amounts that need to be withdrawn from the bank account



Cash Disbursement Variances

Overages or shortages on your Remittance Analysis have no bearing on your Cash Disbursement variance!



Jan		
Bank Statement (16th-15th)		
<u>Debits</u>	<u>Credits</u>	<u>Balance</u>
16th (Beginning Bal.)		0
1st	100	100
15th (Ending Bal.)		100

Jan	
Monthly Account Statement	
Beginning Bal.	0
Transaction Applied	
Non Exceptions	100
+ Total Principal & Interest	100
- Remittances made to FM	0
+/- Adjustments by FM	0
Ending Balance	100

Jan			
Remittance Analysis (16th-15th)			
	<u>Received</u>	<u>Due</u>	<u>Over/(Short)</u>
16th (Beginning Bal.)			0
ARC	0	0	0
15th (Ending Bal.)			0

Feb		
Bank Statement (16th-15th)		
<u>Debits</u>	<u>Credits</u>	<u>Balance</u>
16th (Beginning Bal.)		100
1st	100	200
15th (Ending Bal.)		200

Feb	
Monthly Account Statement	
Beginning Bal.	100
Transaction Applied	
Non Exceptions	100
+ Total Principal & Interest	100
- Remittances made to FM	0
+/- Adjustments by FM	0
Ending Balance	200

Feb			
Remittance Analysis (16th-15th)			
	<u>Received</u>	<u>Due</u>	<u>Over/(Short)</u>
16th (Beginning Bal.)			0
ARC	0	100	<100>
15th (Ending Bal.)			<100>



Summary

- A cash disbursements variance:
 - ✓ Occurs when there are withdrawals from your P&I custodial account for any reason other than remitting the funds to us via GPI
- Reconciliation steps.
 - ✓ Calculate the amount of your cash disbursements variance by completing the Cash Disbursements to Amount Remitted Worksheet.
 - ✓ Identify the transactions that make up your variance by reviewing your bank statement for any debits that are not remittances to us via GPI.
- Overages or shortages on your Remittance Analysis have no bearing on your Cash Disbursement variance



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