



Understanding Custodial Accounts

Principal & Interest Reconciliation Worksheet (Form 59)



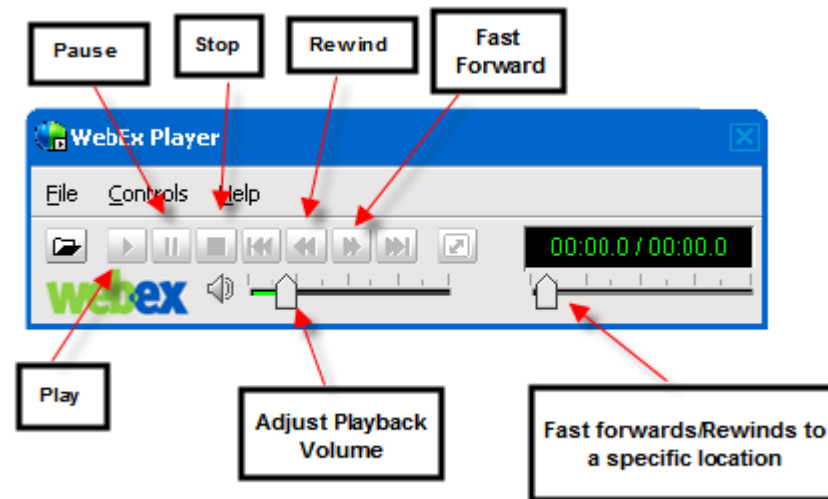
Your Freddie Mac presenter is...

Elizabeth Bowen



Tools and Tips

- ✓ Close all other applications to enhance your workstation's performance.
- ✓ Maximize the window used for viewing this recording.
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Agenda

Topic Slide Number

- Documentation needed to complete Form 595
- P&I Reconciliation Process Overview.....6-10
- Components of Form 59.....11-12
- Completing Form 59
 - ✓ Adjusted Bank Balance.....13-25
 - ✓ Total Liability.....26-38
 - ✓ Total Variance.....39-46
- Wrap-Up.....47-50





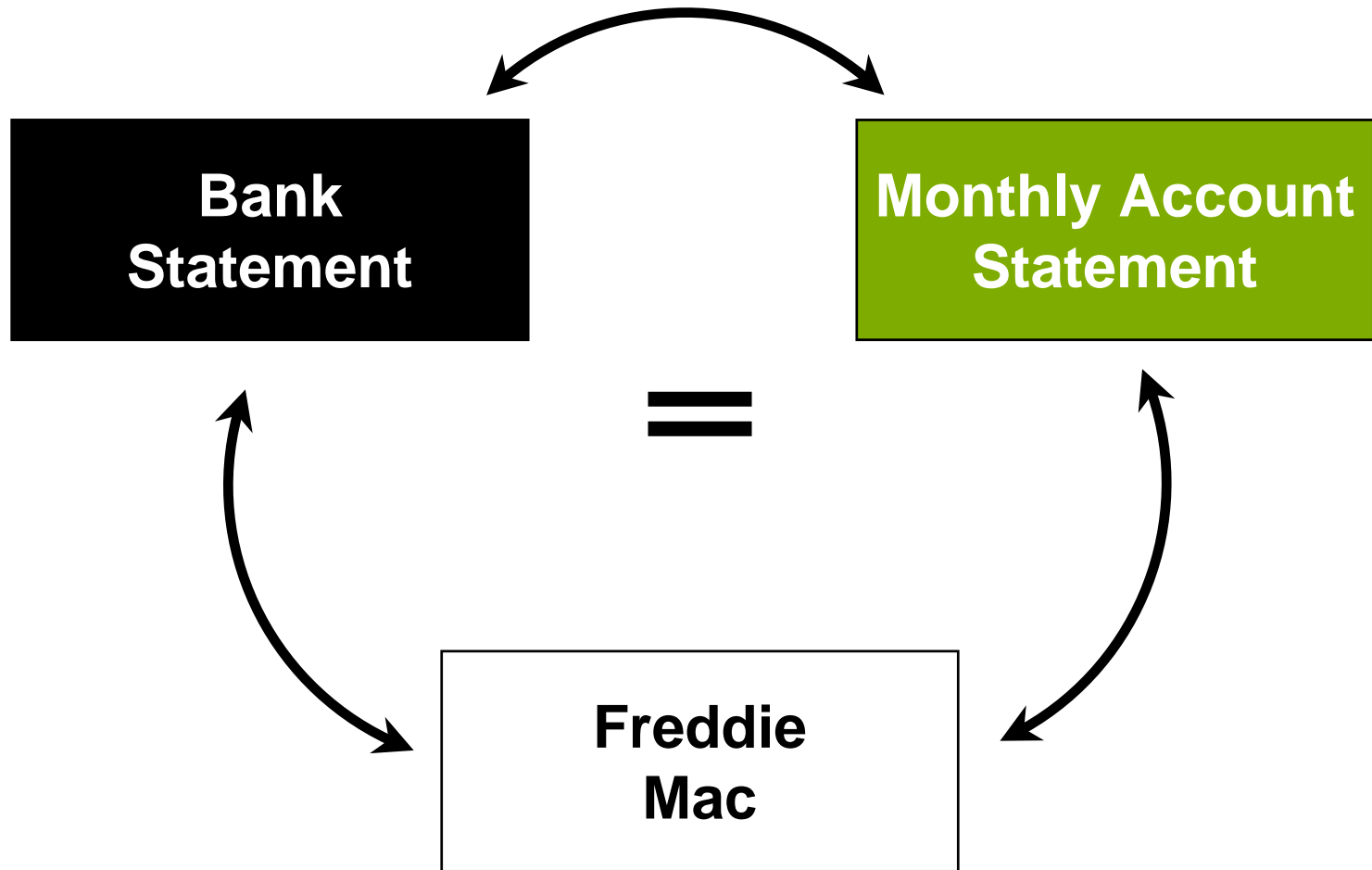
Documentation for P&I Reconciliation

Statements and internal reports:

- ✓ Bank statement
- ✓ Monthly account statement (MAS)
- ✓ Loan reconciliation difference report (LRDR)
- ✓ Trial balance report
- ✓ Collections report
- ✓ Delinquency Information and Prepaid Information
- ✓ Cash Receipts to Amount Due for Interest and Principal
- ✓ Loan Level Reporting Detail



Reconciled Account





Purpose of Reconciling the P&I Custodial Account

Reconciling the P&I custodial account identifies discrepancies between your investor reporting and your cash management.



High Level Steps

To reconcile your P&I custodial account:

- ✓ Gather documentation.
- ✓ Complete the worksheets.
- ✓ Verify the worksheet totals.
- ✓ Identify the cause of any variance.



Reconcile P&I Custodial Account Process

1. Complete form 59 P&I Custodial Account Reconciliation Worksheet
2. Calculate your cash receipts variances
3. Calculate your cash disbursement variances
4. Verify that your worksheets are correct by using the
n

Cash Receipts Variance

- Cash Disbursements Variance

= Total Current Cycle Variance

(Line 6C of Form 59)



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



Components of the P&I Custodial Account Reconciliation Worksheet

The P&I Custodial Account Reconciliation Worksheet (Form 59) is made up of three sections:

- ✓ Adjusted bank balance
- ✓ Total liability
- ✓ Total variance



Principal and Interest Custodial Account Reconciliation Worksheet - *Monthly Account Statement*

AS OF: _____

Seller/Service Number: _____

Seller/Service Name: _____

Section 1 - Adjusted Bank Balance

| | | | | |
|----------------------------------|-------|-------|-------|--|
| 1a) Bank balance as of | _____ | | | |
| 1b) Subtract: Outstanding debits | | _____ | _____ | |
| 1c) Add Deposits in transit | | _____ | _____ | |
| 1) Adjusted bank balance | | | _____ | |

Section 2 - Total Liability

| | | | | |
|---|--|-------|-------|--|
| 2) Ending Balance from the | _____ <i>Monthly Account Statement</i> | | | |
| Subtract cumulative totals for: | | | | |
| 3a) Delinquent interest on active mortgages | | _____ | _____ | |
| 3b) Delinquent interest on inactive mortgages | | _____ | _____ | |
| 3c) Delinquent principal on Timely Principal & Interest and scheduled/scheduled mortgages | | _____ | _____ | |
| 3) Subtotal for Delinquents (Lines 3a+3b+3c) | | | _____ | |
| Add cumulative totals for : | | | | |
| 4a) Prepaid interest | | _____ | _____ | |
| 4b) Prepaid principal on Timely Principal & Interest and scheduled/scheduled mortgages | | _____ | _____ | |
| 4c) Minority principal and interest collected but not reported as of _____ | | _____ | _____ | |
| 4) Subtotal for Prepaids (Lines 4a+4b+4c) | | | _____ | |
| 5) Total Liability Lines 2-3+4 | | | _____ | |

Section 3 - Total Variance

| | | | | |
|--|--|--|-------|--|
| 6a) Current cycle's total cumulative variance (Line 1 less Line 5) | | | | |
| 6b) Previous cycle's total cumulative variance (Line 6a from previous cycle) | | | _____ | |
| 6c) Current cycle variance (Line 6a less 6b) | | | _____ | |



Adjusted Bank Balance (Section 1)

The Adjusted Bank Balance section of the worksheet adjusts the bank balance for:

- ✓ Outstanding debits
- ✓ Deposits in transit



Outstanding Debits

Outstanding debits are withdrawals initiated as a separate line item on your bank statement as of the accounting cutoff however are not withdrawn until the business day following the accounting cutoff

- ✓ Typically these withdrawals are for items such as payment reversals processed as of the accounting cutoff
- ✓ GPI remittances will not cause an outstanding debit



Deposits in Transit

Deposits in transit are collections for transactions included on the Monthly Account Statement that are not reflected in the custodial bank balance as of the accounting cutoff

- ✓ For example, daily deposits received on the accounting cutoff, posted to the borrower's loan histories, that are not reflected in the bank balance until the next business day



Adjusted Bank Balance

Section 1 – Adjusted Bank Balance

- | | |
|---|-------|
| 1a) Bank balance as of: <u>2/15/xx</u> | _____ |
| 1b) Subtract: outstanding debits | _____ |
| 1c) Add: deposits in transit | _____ |
| 1) Adjusted bank balance (lines 1a-1b+1c) | _____ |



| 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 |



Adjusted Bank Balance

Section 1 – Adjusted Bank Balance

| | |
|---|----------------------------|
| 1a) Bank balance as of: <u>2/15/xx</u> | <u>\$741,395.99</u> |
| 1b) Subtract: outstanding debits | _____ |
| 1c) Add: deposits in transit | _____ |
| 1) Adjusted bank balance (lines 1a-1b+1c) | _____ |



Adjusted Bank Balance

Section 1 – Adjusted Bank Balance

| | |
|---|-----------------------------|
| 1a) Bank balance as of: <u>2/15/xx</u> | <u>\$741,395.99</u> |
| 1b) Subtract: outstanding debits | <u>0.00</u> |
| 1c) Add: deposits in transit | <u> </u> |
| 1) Adjusted bank balance (lines 1a-1b+1c) | <u> </u> |



FEB Collections

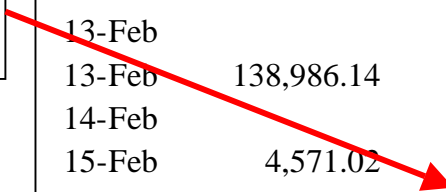
| INVESTOR LOAN NO. BORROWER | PAYMENT RECEIVED | PRINCIPAL | INTEREST | ESCROW | SERVICE FEE | NET INTEREST | FREDDIE DEPOSIT |
|-------------------------------|---------------------|-------------------|-----------------|---------------|----------------|-----------------|--------------------|
| 20300758 MILLER | 1,199.48 | 108.06 | 792.42 | 299.00 | 38.25 | 754.17 | 862.23 |
| 20301546 TOMAR | 1,106.02 | 135.46 | 771.56 | 199.00 | 29.68 | 741.88 | 877.34 |
| | <u>2,305.50</u> | <u>243.52</u> | <u>1,563.98</u> | <u>498.00</u> | <u>67.93</u> | <u>1,496.05</u> | <u>1,739.57</u> |
| 20260021 NEWMAN | 852.72 | 103.57 | 749.15 | - | 36.17 | 712.98 | 816.55 |
| 20291623 DUCHEK | 1,237.87 | 134.74 | 903.13 | 200.00 | 32.25 | 870.88 | 1,005.62 |
| 20306985 EBBERS | 1,349.67 | 120.72 | 974.95 | 254.00 | 45.50 | 929.45 | 1,050.17 |
| 20400056 BREWER | 1,287.55 | 113.36 | 1,174.19 | - | 36.02 | 1,138.17 | 1,251.53 |
| 20400194 LEWIS | 1,435.93 | 97.63 | 1,011.30 | 327.00 | 31.02 | 980.28 | 1,077.91 |
| | <u>6,163.74</u> | <u>570.02</u> | <u>4,812.72</u> | <u>781.00</u> | <u>180.96</u> | <u>4,631.76</u> | <u>5,201.78</u> |
| 20291999 SCHLEYER | 862.83 | 96.86 | 765.97 | - | 25.53 | 740.44 | 837.30 |
| 20305699 DUPREY | 166,589.81 | 165,986.53 | 409.28 | 194.00 | 13.64 | 395.64 | 166,382.17 |
| 20389542 JOHNSON | 1,191.46 | 101.45 | 825.01 | 265.00 | 49.50 | 775.51 | 876.96 |
| 20397522 AZUMA | 928.47 | 93.25 | 835.22 | - | 37.72 | 797.50 | 890.75 |
| 20397755 YEE | 1,109.37 | 95.42 | 826.95 | 187.00 | 37.83 | 789.12 | 884.54 |
| 20399667 FLEMING | 1,205.53 | 84.65 | 828.88 | 292.00 | 25.90 | 802.98 | 887.63 |
| | <u>171,887.47</u> | <u>166,458.16</u> | <u>4,491.31</u> | <u>938.00</u> | <u>190.12</u> | <u>4,301.19</u> | <u>170,759.35</u> |
| 20390452 YOUNG | 1,368.93 | 125.74 | 941.19 | 302.00 | 45.44 | 895.75 | 1,021.49 |
| 20390776 NGUYEN | 1,167.69 | 127.86 | 1,039.83 | - | 69.32 | 970.51 | 1,098.37 |
| 20392562 GONZALES | 1,262.89 | 117.95 | 888.94 | 256.00 | 55.18 | 833.76 | 951.71 |
| 20395536 SMITH | 1,268.65 | 114.99 | 866.66 | 287.00 | 29.88 | 836.78 | 951.77 |
| | <u>5,068.16</u> | <u>486.54</u> | <u>3,736.62</u> | <u>845.00</u> | <u>199.82</u> | <u>3,536.80</u> | <u>4,023.34</u> |
| 20389952 CHONG | 1,180.80 | 118.18 | 884.62 | 178.00 | 30.50 | 854.12 | 972.30 |
| 20390200 MARINO | 916.79 | 116.29 | 800.50 | - | 28.59 | 771.91 | 888.20 |
| | <u>2,097.59</u> | <u>234.47</u> | <u>1,685.12</u> | <u>178.00</u> | <u>59.09</u> | <u>1,626.03</u> | 1,860.50 |





| 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 |
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| 9-Feb | | 2,526.99 | MORTGAGE COLLECTIONS | 161,705.22 |
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| 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 |

Last deposit is collections from the 14th



4,023.34



FEB Collections

| INVESTOR LOAN NO. BORROWER | PAYMENT RECEIVED | PRINCIPAL | INTEREST | SERVICE ESCROW | NET FEE INTEREST | FREDDIE DEPOSIT |
|-------------------------------|---------------------|-------------------|-----------------|-------------------|---------------------|--------------------|
| 20300758 MILLER | 1,199.48 | 108.06 | 792.42 | 299.00 | 38.25 | 862.23 |
| 20301546 TOMAR | 1,106.02 | 135.46 | 771.56 | 199.00 | 29.68 | 877.34 |
| | <u>2,305.50</u> | <u>243.52</u> | <u>1,563.98</u> | <u>498.00</u> | <u>67.93</u> | <u>1,739.57</u> |
| 20260021 NEWMAN | 852.72 | 103.57 | 749.15 | - | 36.17 | 816.55 |
| 20291623 DUCHEK | 1,237.87 | 134.74 | 903.13 | 200.00 | 32.25 | 1,005.62 |
| 20306985 EBBERS | 1,349.67 | 120.72 | 974.95 | 254.00 | 45.50 | 1,050.17 |
| 20400056 BREWER | 1,287.55 | 113.36 | 1,174.19 | - | 36.02 | 1,251.53 |
| 20400194 LEWIS | 1,435.93 | 97.63 | 1,011.30 | 327.00 | 31.02 | 1,077.91 |
| | <u>6,163.74</u> | <u>570.02</u> | <u>4,812.72</u> | <u>781.00</u> | <u>180.96</u> | <u>5,201.78</u> |
| 20291999 SCHLEYER | 862.83 | 96.86 | 765.97 | - | 25.53 | 837.30 |
| 20305699 DUPREY | 166,589.81 | 165,986.53 | 409.28 | 194.00 | 13.64 | 166,382.17 |
| 20389542 JOHNSON | 1,191.46 | 101.45 | 825.01 | 265.00 | 49.50 | 876.96 |
| 20397522 AZUMA | 928.47 | 93.25 | 835.22 | - | 37.72 | 890.75 |
| 20397755 YEE | 1,109.37 | 95.42 | 826.95 | 187.00 | 37.83 | 884.54 |
| 20399667 FLEMING | 1,205.53 | 84.65 | 828.88 | 292.00 | 25.90 | 887.63 |
| | <u>171,887.47</u> | <u>166,458.16</u> | <u>4,491.31</u> | <u>938.00</u> | <u>190.12</u> | <u>170,759.35</u> |
| 20390452 YOUNG | 1,368.93 | 125.74 | 941.19 | 302.00 | 45.44 | 1,021.49 |
| 20390776 NGUYEN | 1,167.69 | 127.86 | 1,039.83 | - | 69.32 | 1,098.37 |
| 20392562 GONZALES | 1,262.89 | 117.95 | 888.94 | 256.00 | 55.18 | 951.71 |
| 20395536 SMITH | 1,268.65 | 114.99 | 866.66 | 287.00 | 29.88 | 951.77 |
| | <u>5,068.16</u> | <u>486.54</u> | <u>3,736.62</u> | <u>845.00</u> | <u>199.82</u> | <u>4,023.34</u> |
| 20389952 CHONG | 1,180.80 | 118.18 | 884.62 | 178.00 | 30.50 | 972.30 |
| 20390200 MARINO | 916.79 | 116.29 | 800.50 | - | 28.59 | 888.20 |
| | <u>2,097.59</u> | <u>234.47</u> | <u>1,685.12</u> | <u>178.00</u> | <u>59.09</u> | <u>1,860.50</u> |



Adjusted Bank Balance

Section 1 – Adjusted Bank Balance

| | | |
|---|--------------------------|---------------------|
| 1a) Bank balance as of: <u>2/15/xx</u> | | <u>\$741,395.99</u> |
| 1b) Subtract: outstanding debits | ___\$0___ | |
| 1c) Add: deposits in transit | <u>\$1,860.50</u> | |
| 1) Adjusted bank balance (lines 1a-1b+1c) | _____ | |



Adjusted Bank Balance

Section 1 – Adjusted Bank Balance

| | | |
|--|-------------------|----------------------------|
| 1a) Bank balance as of <u>2/15/xx</u> | | <u>\$741,395.99</u> |
| 1b) Subtract: outstanding debits | <u>\$0</u> | |
| 1c) Add: deposits in transit | <u>\$1,860.50</u> | |
| 1) Adjusted bank balance (lines 1a-1b+1c) | | <u>\$743,256.49</u> |



Total Liability (Section 2)

The Total Liability section of the worksheet adjusts the net current amount due for:

- ✓ Delinquent principal and interest
- ✓ Payments collected but not reported



Total Liability

Section 2 - Total Liability

**2) Ending Balance from the
2/15/XX Monthly Account Statement** _____

Subtract cumulative totals for:

3a) Delinquent interest on active mortgages _____

3b) Delinquent interest on inactive mortgages _____

3c) Delinquent principal on scheduled/scheduled mortgages _____

3) Subtotal for delinquent principal and interest (Lines 3a+3b+3c) _____



REPORT: LLR6110R

LOAN LEVEL REPORTING

ACCOUNTANT:

MONTHLY ACCOUNT STATEMENT

SERVICER: 123456

AS OF: 15-Feb

| | |
|-------------------|-----------|
| BEGINNING BALANCE | 45,429.32 |
|-------------------|-----------|

| TRANSACTION APPLIED | 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 |
|----------------|-------------------|



Total Liability

Section 2 - Total Liability

2) **Ending Balance from the**
2/15/XX Monthly Account Statement **211,275.43**

Subtract cumulative totals for:

| | | |
|-----|---|-------|
| 3a) | Delinquent interest on active mortgages | _____ |
| 3b) | Delinquent interest on inactive mortgages | _____ |
| 3c) | Delinquent principal on scheduled/scheduled mortgages | _____ |
| 3) | Subtotal for delinquent principal and interest (Lines 3a+3b+3c) | _____ |



Calculating Delinquent Interest - Lines 3A & 3B

| | <u>Month</u> | <u>Interest Due</u> | <u>Cumulative Delinquent Interest Due FM</u> | <u>Cumulative Delinquent Interest Due Per Servicer Report</u> |
|--|--------------|---------------------|--|---|
| <u>Active</u> <i>(Line 3A)</i> | Jan | 100 | 100 | 100 |
| | Feb | 100 | 200 | 200 |
| | Mar | 100 | 300 | 300 |
| <u>Inactive</u> <i>(Line 3B)</i> | Apr | 0 | 300 | 400 |
| | May | 0 | 300 | 500 |
| | Jun | 0 | 300 | 600 |



Delinquent/Prepaid Report

| <u>DELINQUENCY INFORMATION</u> | | | | |
|---------------------------------------|-----------------|------------|-----------|------------|
| | | Cumulative | Change in | Cumulative |
| <u>LOAN #</u> | <u>BORROWER</u> | January | February | February |
| 11122272 | GARRETT | 1,758.20 | 879.10 | 2,637.30 |
| 20396625 | RYAN | 710.02 | 710.02 | 1,420.04 |
| 11412977 | KERR | 859.20 | 429.60 | 1,288.80 |
| 11699354 | MERRITT | 0.00 | 800.69 | 800.69 |
| 20291750 | LUDDEN | 0.00 | 831.18 | 831.18 |
| 20390873 | FOLEY | 0.00 | 824.14 | 824.14 |
| 20399999 | AUBREY | 0.00 | 1,082.98 | 1,082.98 |
| | ACTIVE | 3,327.42 | 5,557.71 | 8,885.13 |
| | INACTIVE | 0.00 | 0.00 | 0.00 |
| Total Delinquent Interest | | 3,327.42 | 5,557.71 | 8,885.13 |
| <u>PREPAID INFORMATION</u> | | | | |
| 11475892 | KNIGHT | 0.00 | 576.62 | 576.62 |
| 20412566 | WIER | 0.00 | 990.00 | 990.00 |
| Total Prepaid Interest | | 0.00 | 1,566.62 | 1,566.62 |



Total Liability

Section 2 - Total Liability

| | | |
|----|--|-------------------|
| 2) | Ending Balance from the <u>2/15/XX</u> <i>Monthly Account Statement</i> | <u>211,275.43</u> |
|----|--|-------------------|

Subtract cumulative totals for:

| | | | |
|-----|---|-----------------|-----------------|
| 3a) | Delinquent interest on active mortgages | <u>8,885.13</u> | |
| 3b) | Delinquent interest on inactive mortgages | <u>0.00</u> | |
| 3c) | Delinquent principal on scheduled/scheduled mortgages | <u>0.00</u> | |
| 3) | Subtotal for delinquent principal and interest (Lines 3a+3b+3c) | | <u>8,885.13</u> |



Total Liability

Section 2 - Total Liability

Add cumulative totals for:

- | | | |
|-----|--|-------|
| 4a) | Prepaid interest | _____ |
| 4b) | Prepaid principal on scheduled/scheduled mortgages | _____ |
| 4c) | Minority principal and interest collected but not reported as of <u>2/15/XX</u> | _____ |

4) **Subtotal for prepaid items (Lines 4a+4b+4c)** _____

5) Total liabilities (lines 2-3+4) _____



Delinquent/Prepaid Report

| <u>DELINQUENCY INFORMATION</u> | | | | |
|---------------------------------------|-----------------|------------|-----------|------------|
| | | Cumulative | Change in | Cumulative |
| <u>LOAN #</u> | <u>BORROWER</u> | January | February | February |
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| Total Delinquent Interest | | 3,327.42 | 5,557.71 | 8,885.13 |
| <u>PREPAID INFORMATION</u> | | | | |
| 11475892 | KNIGHT | 0.00 | 576.62 | 576.62 |
| 20412566 | WIER | 0.00 | 990.00 | 990.00 |
| Total Prepaid Interest | | 0.00 | 1,566.62 | 1,566.62 |



Total Liability

Section 2 - Total Liability

Add cumulative totals for:

| | | |
|--|-----------------|--|
| 4a) Prepaid interest | <u>1,566.62</u> | |
| 4b) Prepaid principal on Timely Principal and Interest and scheduled/scheduled mortgages | <u>0.00</u> | |
| 4c) Minority principal and interest collected but not reported as of: _____ | _____ | |

4) **Subtotal for Prepays (Lines 4a+4b+4c)** _____

5) **Total Liability Lines 2-3+4** _____



Minority Principal and Interest

- ✓ If applicable, you will be billed monthly for the Minority portion of loans that we originally purchased a percentage of (ex. 95%), and later purchased the remaining percentage (ex. 5% or minority portion) and now own 100%.
 - You will collect and deposit 100% of the borrower's payment into the custodial account
 - We process the original percentage of the loan and bill you the following cycle for the minority percentage



Total Liability

Section 2 - Total Liability

Add cumulative totals for:

| | | | |
|-----|--|-----------------|-----------------------------|
| 4a) | Prepaid interest | <u>1,566.62</u> | |
| 4b) | Prepaid principal on Timely Principal and Interest and scheduled/scheduled mortgages | <u>0.00</u> | |
| 4c) | Minority principal and interest collected but not reported as of <u>2/15/XX</u> | <u>0.00</u> | |
| 4) | Subtotal for Prepaids (Lines 4a+4b+4c) | | <u>1,566.62</u> |
| 5) | Total Liability Lines 2-3+4 | | <u> </u> |



Total Liability

Section 2 - Total Liability

Add cumulative totals for:

| | | | |
|-----|--|-----------------|--------------------------|
| 4a) | Prepaid interest | <u>1,566.62</u> | |
| 4b) | Prepaid principal on Timely Principal and Interest and scheduled/scheduled mortgages | <u>0.00</u> | |
| 4c) | Minority principal and interest collected but not reported as of <u>2/15/XX</u> | <u>0.00</u> | |
| 4) | Subtotal for Prepays (Lines 4a+4b+4c) | | <u>1,566.62</u> |
| 5) | Total Liability Lines 2-3+4 | | <u>203,956.92</u> |



Total Variance (Section 3)

The Total Variance section of the worksheet calculates the amount of the:

- ✓ Previous and current cycle's Total cumulative variance
- ✓ Current cycle's variance



Total Variance

Section 3 - Total Variance

- 6a) Current cycle's total cumulative variance (line 1 less line 5)** _____
- 6b) Previous cycle's total cumulative variance (line 6a from previous cycle) _____
- 6c) Current cycle's variance (line 6a less line 6b) _____



Total Variance

Section 3 - Total Variance

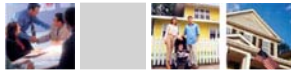
| | |
|--|--------------------------|
| 6a) Current cycle's total cumulative variance (line 1 less line 5) | <u>539,299.57</u> |
| 6b) Previous cycle's total cumulative variance (line 6a from previous cycle) | _____ |
| 6c) Current cycle's variance (line 6a less line 6b) | _____ |



Total Variance

Section 3 - Total Variance

| | |
|--|--------------------------|
| 6a) Current cycle's total cumulative variance (line 1 less line 5) | <u>539,299.57</u> |
| 6b) Previous cycle's total cumulative variance (line 6a from previous cycle) | _____ |
| 6c) Current cycle's variance (line 6a less line 6b) | _____ |



Principal and Interest Custodial Account Reconciliation Worksheet - *Monthly Account Statement*

AS OF: 15-Jan

Seller/Servicer Number: 999999 Seller/Servicer Name: Mongol Mortgage

Section 1 - Adjusted Bank Balance

| | | | |
|-----|----------------------------------|-------------|------------------|
| 1a) | Bank balance as of <u>15-Jan</u> | | 46,000.00 |
| 1b) | Subtract: Outstanding debits | <u>0.00</u> | |
| 1c) | Add Deposits in transit | <u>0.00</u> | |
| 1) | Adjusted bank balance | | <u>46,000.00</u> |

Section 2 - Total Liability

| | | | |
|----|--|--|------------------|
| 2) | Ending Balance from the <u>15-Jan Monthly Account Statement</u> | | <u>45,429.32</u> |
|----|--|--|------------------|

Subtract cumulative totals for:

| | | | |
|-----|--|-----------------|-----------------|
| 3a) | Delinquent interest on active mortgages | <u>3,327.42</u> | |
| 3b) | Delinquent interest on inactive mortgages | <u>0.00</u> | |
| 3c) | Delinquent principal on Timely Principal & Interest and scheduled/scheduled mortgages | <u>0.00</u> | |
| 3) | Subtotal for Delinquents (Lines 3a+3b+3c) | | <u>3,327.42</u> |

Add cumulative totals for :

| | | | |
|-----|---|-------------|------------------|
| 4a) | Prepaid interest | <u>0.00</u> | |
| 4b) | Prepaid principal on Timely Principal & Interest and scheduled/scheduled mortgages | <u>0.00</u> | |
| 4c) | Minority principal and interest collected but not reported as of <u>15-Jan</u> | <u>0.00</u> | |
| 4) | Subtotal for Prepays (Lines 4a+4b+4c) | | <u>0.00</u> |
| 5) | Total Liability Lines 2-3+4 | | <u>42,101.90</u> |

Section 3 - Total Variance

| | | | |
|-----|--|--|-------------------|
| 6a) | Current cycle's total cumulative variance (Line 1 less Line 5) | | <u>3,898.10</u> |
| 6b) | Previous cycle's total cumulative variance (Line 6a from previous cycle) | | <u> </u> |
| 6c) | Current cycle variance (Line 6a less 6b) | | <u> </u> |



Total Variance

Section 3 - Total Variance

| | |
|--|-----------------------------|
| 6a) Current cycle's total cumulative variance (line 1 less line 5) | <u>539,299.57</u> |
| 6b) Previous cycle's total cumulative variance (line 6a from previous cycle) | <u>3,898.10</u> |
| 6c) Current cycle's variance (line 6a less line 6b) | <u> </u> |



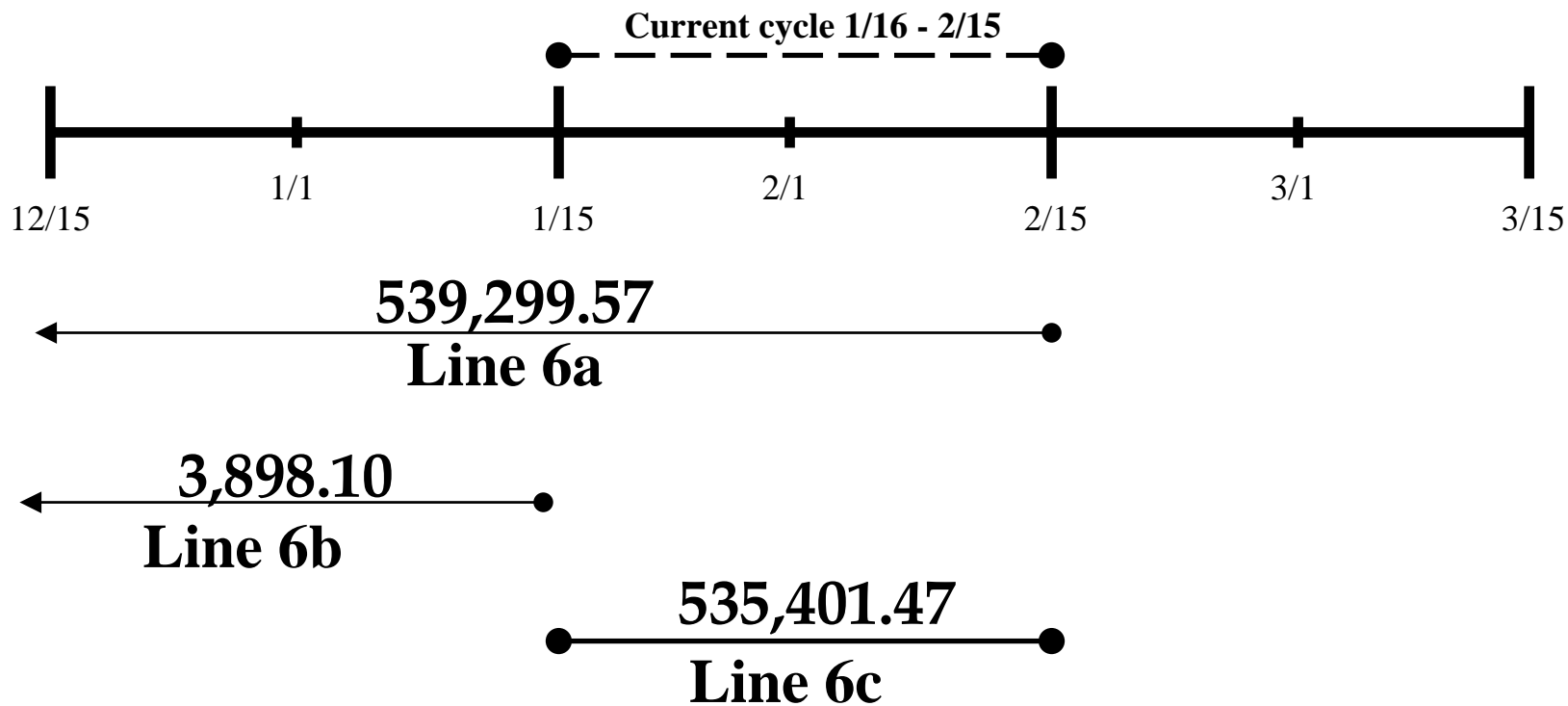
Total Variance

Section 3 - Total Variance

| | |
|--|--------------------------|
| 6a) Current cycle's total cumulative variance (line 1 less line 5) | <u>539,299.57</u> |
| 6b) Previous cycle's total cumulative variance (line 6a from previous cycle) | <u>3,898.10</u> |
| 6c) Current cycle's variance (line 6a less line 6b) | <u>535,401.47</u> |



Current Cycle Variance 2/15 cutoff





Summary

- Each accounting cycle cutoff we require you to use the Monthly Account Statement (MAS) to reconcile to your P&I Custodial Account
 - ✓ The total amount due to us as of the accounting cutoff is the ending balance that appears on the MAS.
 - ✓ You are required to use Form 59, P&I Reconciliation Worksheet to reconcile your P&I account

- The P&I Reconciliation Worksheet contains the following sections:
 - ✓ Adjusted Bank Balance - Adjusts for Deposits in Transit and Outstanding Debits
 - ✓ Total Liability - Adjust the net current amount due for delinquents and prepaids
 - ✓ Total Variance - Identifies the amount of the variance between the adjusted bank balance and the adjusted liability



Resources

- The Learning Center – Servicing Home Page
 - ✓ <http://www.freddiemac.com/learn/service>
- (800)FREDDIE (373-3343)
- Single-Family Seller/Servicer Guide



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.



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