



# Understanding Custodial Accounts

## Investor Accounting Overview



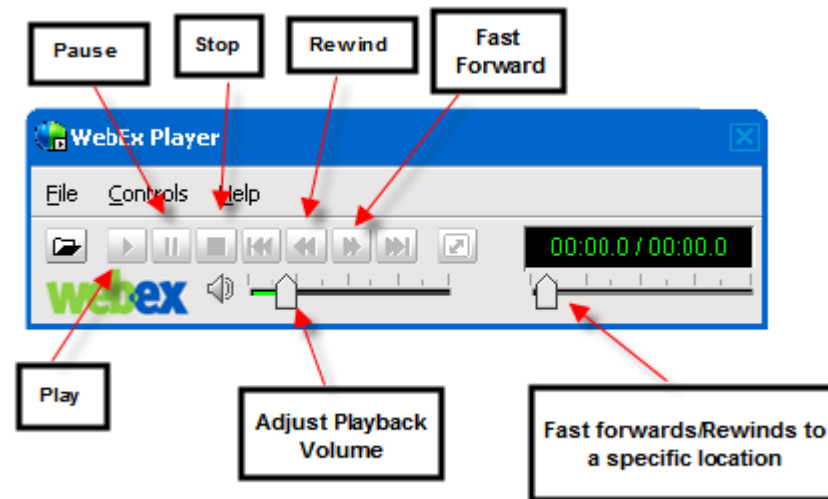
# Your Freddie Mac presenter is...

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

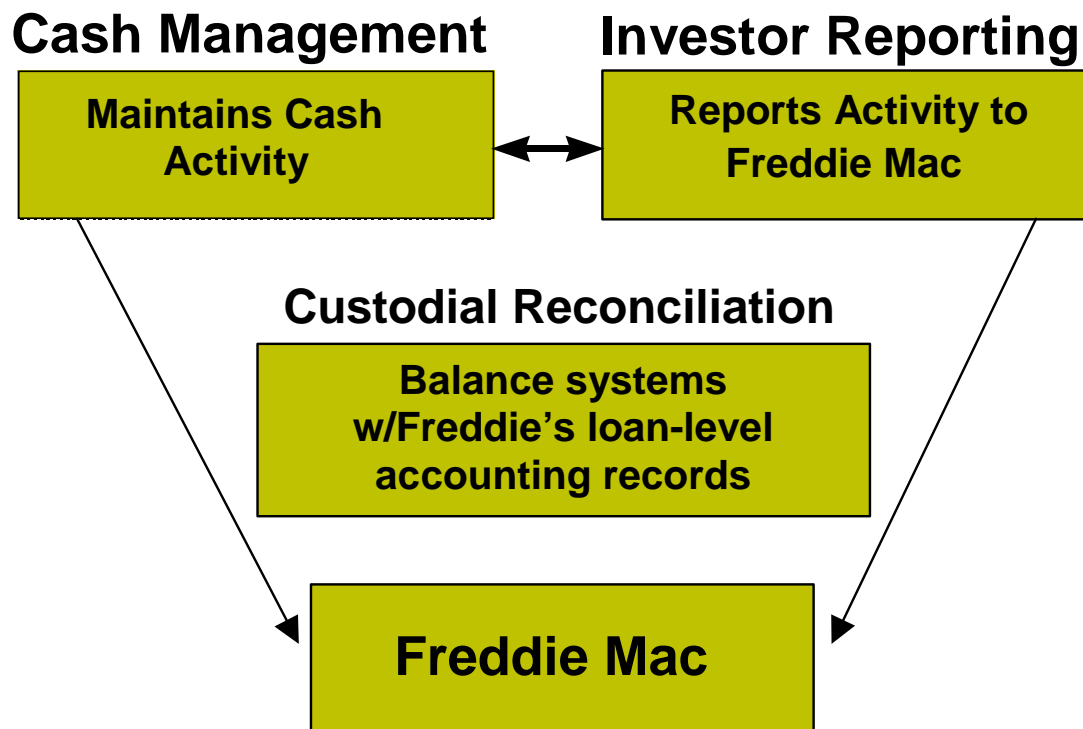
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# Investor Accounting Process

## *Investor Accounting System*





# Cash Management Process

Cash management involves:

- ✓ Collecting payments
- ✓ Posting payments
- ✓ Depositing payments



# Loan History

<b>Name:</b>	<b>Smith, John</b>	<b>Loan Number:</b>	<b>52288</b>
<b>Address:</b>	<b>Route 7-1 Manassas</b>	<b>Interest Rate:</b>	<b>0.07</b>
		<b>Origination Fee:</b>	<b>0.0025</b>
<b>Applied:</b>	<b>LPRD</b>	<b>1-Mar</b>	<b>8-Apr</b>
<b>Due:</b>	<b>DDLPI</b>	<b>1-Mar</b>	<b>1-Apr</b>
<b>Tran Type:</b>			<b>1 00</b>
<b>Amount:</b>	<b>\$</b>	<b>1,098.32</b>	
<b>Interest:</b>	<b>\$</b>	<b>713.82</b>	
<b>Principal:</b>	<b>\$</b>	<b>105.88</b>	<b>\$ 106.50</b>
<b>Principal Bal.:</b>	<b>\$</b>	<b>122,368.87</b>	<b>\$ 122,262.37</b>
<b>Escrow:</b>	<b>\$</b>	<b>278.00</b>	<b>\$ 278.00</b>
<b>Escrow Bal.:</b>	<b>\$</b>	<b>603.42</b>	<b>\$ 881.42</b>
<b>Fees:</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>

Last Payment Received Date

Due Date Last Paid Installment





# Daily Collections Reports

BORROWER	DDLPI	PAYMENT RECEIVED	PRINCIPAL	INTEREST	ESCROW	SERVICE FEE	NET INTEREST	FREDDIE DEPOSIT
7-Apr								
CROWE	4/1	\$ 1,027.68	\$ 65.78	\$ 756.90	\$ 205.00	\$ 28.64	\$ 728.26	\$ 794.04
JOLLY	4/1	\$ 1,098.24	\$ 95.98	\$ 779.26	\$ 223.00	\$ 24.82	\$ 754.44	\$ 850.42
FOX	4/1	\$ 138,991.85	\$ 138,820.70	\$ 171.15	\$ -	\$ 5.70	\$ 165.45	\$ 138,986.15
		\$ 141,117.77	\$ 138,982.46	\$ 1,707.31	\$ 428.00	\$ 59.16	\$ 1,648.15	\$ 140,630.61
8-Apr								
<b>SMITH</b>	4/1	<b>\$ 1,098.32</b>	<b>\$ 106.50</b>	<b>\$ 713.82</b>	<b>\$ 278.00</b>	<b>\$ 25.49</b>	<b>\$ 688.33</b>	<b>\$ 794.83</b>
MANTLE	4/1	\$ 1,003.10	\$ 97.05	\$ 668.05	\$ 238.00	\$ 33.40	\$ 634.65	\$ 731.70
COSELL	4/1	\$ 1,345.03	\$ 128.53	\$ 930.50	\$ 286.00	\$ 58.56	\$ 871.94	\$ 1,000.47
		\$ 3,446.45	\$ 332.08	\$ 2,312.37	\$ 802.00	\$ 117.45	\$ 2,194.92	<b>\$ 2,527.00</b>



# Bank Statement

MONGOL MORTGAGE AS CUSTODIAN AND/OR BAILEE  
 FOR FEDERAL HOME LOAN MORTGAGE CORPORATION  
 AND/OR VARIOUS OWNERS OF INTEREST IN MORTGAGES  
 AND/OR MORTGAGE-RELATED SECURITIES AND/OR  
 VARIOUS MORTGAGORS

POSTED DATE	CHECKS AND OTHER DEBITS	DEPOSITS AND OTHER CREDITS	EXPLANATION OF TRANSACTIONS	BANK BALANCE
16-Mar			BEGINNING BALANCE	\$ 46,000.00
08-Apr		\$ 140,630.61	ACH CREDIT	\$ 186,630.61
<b>09-Apr</b>		<b>\$ 2,527.00</b>	<b>ACH CREDIT</b>	<b>\$ 189,157.61</b>
10-Apr		\$ 2,590.54	ACH CREDIT	\$ 191,748.15
13-Apr		\$ 5,201.78	ACH CREDIT	\$ 196,949.93
13-Apr	\$ 138,986.14		NDC -THE MORTGAGE CORP.	\$ 57,963.79
14-Apr		\$ 710,759.35	ACH CREDIT	\$ 768,723.14
15-Apr		4023.34	ACH CREDIT	\$ 772,746.48
<b>TOTALS</b>	<b>\$ 138,986.14</b>	<b>\$ 865,732.62</b>		





# Cash Management

Daily Collections Report for Investor			Investor: Freddie Mac		Date: 04/01	
<u>Investor Loan Number</u>	<u>Servicer Loan Number</u>	<u>Payment Due Date</u>	<u>Total Collected</u>	<u>Interest</u>	<u>Principal</u>	
123456781	765431	02/01/95	683.93	604.66	79.27	
123456782	765432	02/01/95	724.16	651.00	73.16	
123456783	765433	02/01/95	611.51	555.77	55.74	
123456784	765434	02/01/95	780.48	699.42	81.07	
<u>Daily Total</u>			2,800.09	2,510.85	289.84	

Freddie Mac Custodial Account Bank Statement	
<u>Deposits</u>	
04/02	2,800.09*

Servicer Loan Record			
Loan Number	765431		
Investor Loan Number	123456781		
DDLPI	04/01		
<u>Transactions</u>			
<u>Date</u>	<u>Total Payment</u>	<u>Interest</u>	<u>Principal</u>
04/01	683.93	604.66	79.27
Beginning Loan Balance.....80,621.50			
Current Loan Balance.....80,542.23			

\*Figure is net servicing fee and participation percentage.



# Investor Reporting Process

The investor reporting process involves:

- ✓ Calculating the Amount Due
- ✓ Reporting the Amount Due



# Calculating the Amount Due

The amount due is calculated at two levels:

- ✓ Loan level
  - Loan-level principal and interest transactions
- ✓ Portfolio level
  - Monthly Account Statement (loan-level and other transactions)



# Freddie Mac's Process

Freddie Mac's role in the investor reporting process is to:

- ✓ Compare what you reported to what we expected
- ✓ Provide you with reports identifying differences



# Freddie Mac Daily Reports

Daily Reports that we send you include the:

- ✓ Edits To be Cleared Report
- ✓ System Cleared Edits Report
- ✓ Loan Missing Report (only during the last two weeks of the month)



# Freddie Mac Monthly Reports

Monthly Reports that we send you include the:

- ✓ Monthly Account Statement
- ✓ Loan Reconciliation Difference Report
- ✓ Detailed Adjustment Report (if applicable)
- ✓ Seller/Servicer Remittance Analysis

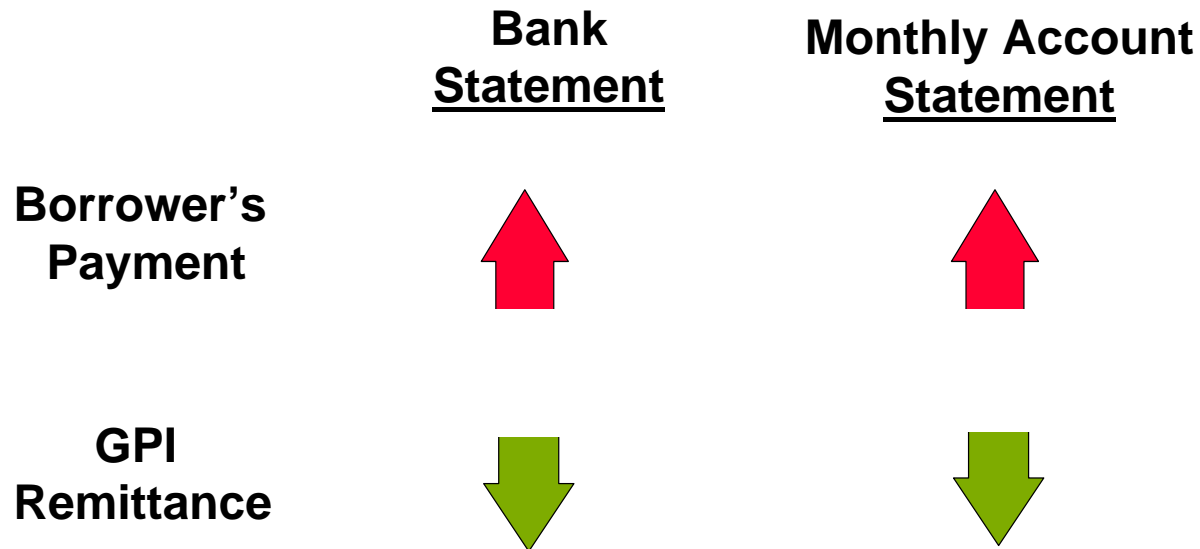


# Monthly Account Statement

LOAN LEVEL REPORTING						
AS OF 02/15						
BEGINNING BALANCE						45,429.32
TRANSACTION APPLIED		PRINCIPAL DUE	INTEREST DUE	PREPAY PENALTY	TOTAL P&I	
NON EXCEPTIONS		4,297.50	38,160.36	0.00	42,457.86	
PREPAID PAYOFF (61)		305,037.27	2,404.53	0.00	307,441.80	
ADD TOTAL PRINCIPAL & INTEREST		309,334.77	40,564.89	0.00	349,899.66	349,899.66
LESS REMITTANCES MADE						184,415.46
ADD ADJUSTMENTS MADE BY FREDDIE MAC						0.00
ENDING BALANCE						210,913.52



# Payment vs. Remittance





# Report Comparison

Bank Statement				
<u>Posted Date</u>	<u>Checks and Other Debts</u>	<u>Deposits and Other Credits</u>	<u>Explanation of Transactions</u>	<u>Bank Balance</u>
17-Mar			Beginning Balance	100.00 <b>A</b>
18-Mar	100.00 <b>B</b>		ACH Debt	0.00
19-Mar		150.00 <b>C</b>	ACH Credit	150.00
Totals	100.00	150.00	Ending Balance	150.00 <b>D</b>

LOAN LEVEL REPORTING MONTHLY ACCOUNT STATEMENT AS OF 4/15		
BEGINNING BALANCE		100.00 <b>A</b>
TRANSACTION APPLIED	TOTAL P&I 150.00	
ADD TOTAL PRINCIPAL AND INTEREST	150.00	150.00 <b>C</b>
LESS REMITTANCES MADE		100.00 <b>B</b>
ADD ADJUSTMENTS MADE BY FREDDIE MAC		0.00
ENDING BALANCE		150.00 <b>D</b>



# Loan History vs. Amount Due



***In a Perfect World...***

**Loan History = Amount Due**



# Loan History vs. Amount Due



***In the Real World...***

**Loan History  $\neq$  Amount Due**



# Loan History and Amount Due Differences

Differences between the loan history and the Amount Due can be caused by:

	<u>Monthly Account Statement</u>	<u>Bank Statement</u>
✓ Delinquent interest	<b>100</b>	<b>0</b>
✓ Prepaid interest	<b>100</b>	<b>200</b>



# Loan Delivery and Setup Errors





# Summary

- Investor Accounting is the process of accounting for mortgages that you service for us and includes:
  - ✓ Cash Management
  - ✓ Investor Reporting
  - ✓ Custodial Reconciliation
  
- Every payment should be:
  - ✓ Deposited
  - ✓ Reported
  - ✓ Remitted



# Resources

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

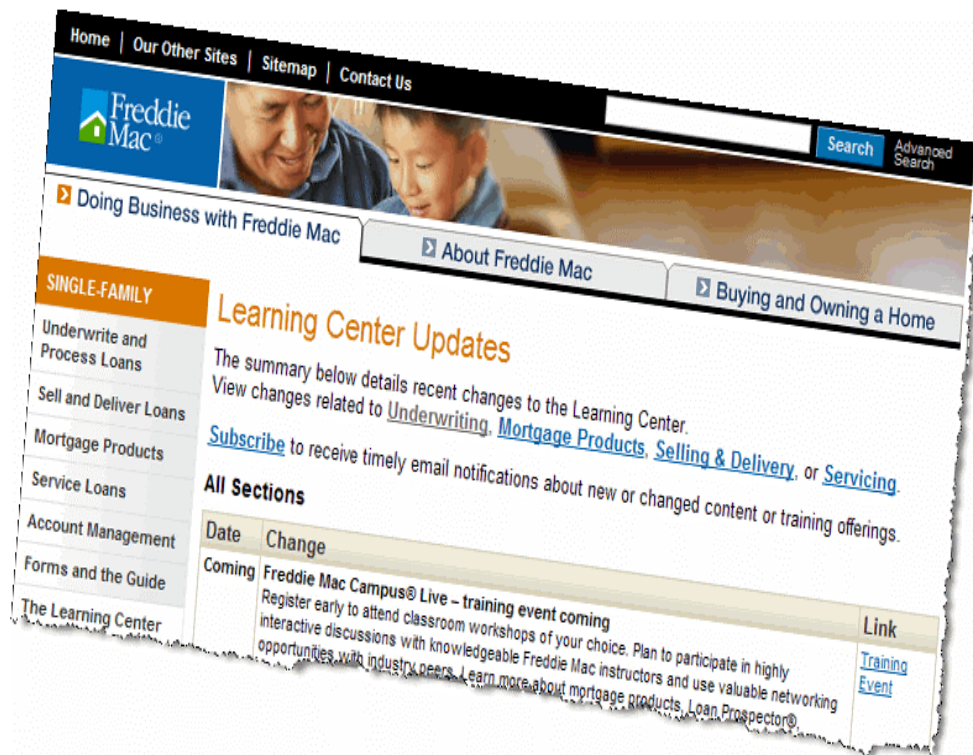


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