



# Understanding Custodial Accounts

## Identifying Cash Receipt Variances



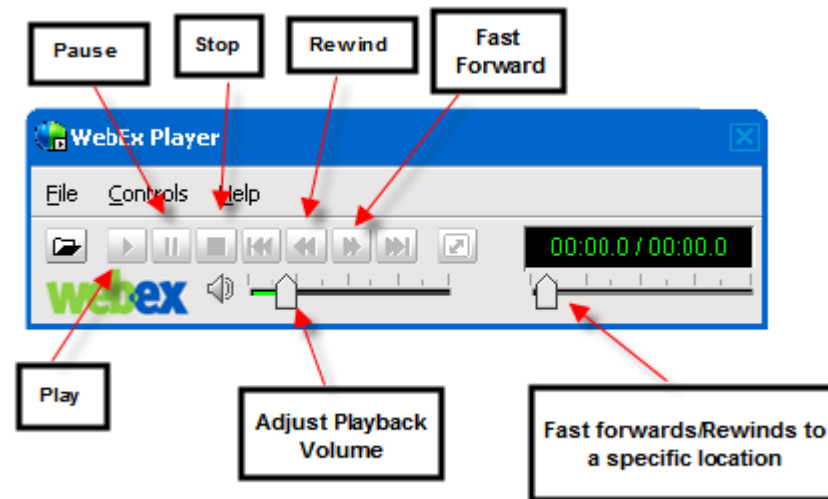
# Your Freddie Mac presenter is...

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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■ P&I Reconciliation Process Overview.....	5-7
■ Define Cash Receipt Variances.....	8-9
■ Identifying Cash Receipt Variances.....	10-13
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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**

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



### Section 1 - Adjusted Cash Receipts

1a) Cash receipts from Bank Statement	<u>\$ 884,382.47</u>
1b) Add deposits in transit	<u>\$1,860.50</u>
1c) Less previous cycle's deposits in transit	<u>\$0.00</u>
1) Adjusted cash receipts, (Line 1a + 1b - 1c)	<u>\$886,242.97</u>

### Section 2 - Total Liability

#### Amount Due from Monthly Account Statement

2a) Total Principal and Interest	<u>\$350,261.57</u>
2b) Adjustments made by Freddie Mac	<u>\$0.00</u>
2) Net Current Amount Due Freddie Mac	<u>\$350,261.57</u>

#### Change in Delinquencies

3a) Current cycle (Line 3 current cycle P&I Worksheet)	<u>\$8,885.13</u>
3b) Previous cycle (Line 3 previous cycle P&I Worksheet)	<u>\$3,327.42</u>
3) Net change in delinquencies (Line 3a - 3b)	<u>\$5,557.71</u>

#### Change in Prepaids

4a) Current cycle (Line 4 current cycle P&I Worksheet)	<u>\$1,566.62</u>
4b) Previous cycle (Line 4 previous cycle P&I Worksheet)	<u>\$0.00</u>
4) Net change in prepaids (Line 4a - 4b)	<u>\$1,566.62</u>
5) Total liability 2 - 3 + 4	<u>\$346,270.48</u>

### Section 3 - Total Variance

6) Total cash receipts variance (Line 1 - Line 5)	<u>\$539,972.49</u>
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# Cash Receipt Variances

Cash receipt variances occur when the amount deposited is not equal to the total amount due Freddie Mac for the cycle.

**Bank Statement  
Credits**

**≠**

**Monthly Account Statement  
Loan Level**



# Cash Receipts Variance

- First, record the total amount of your variance (line 6) on a Current Cycle Variance Log.
- Next, record all transactions causing the variance on the Current Cycle Log.
- Last, determine if the transactions are cash or paper.





# 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



# Identifying Cash Receipt Variances

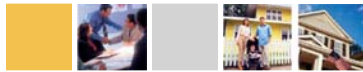
- Deposit analysis
- Other billings analysis
- Loan-level analysis



# Deposit Analysis

Review your bank statement:

- ✓ Step 1: Check for deposit errors
- ✓ Step 2: Record all deposits that were not for loan level collections



DATE	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>3,389.00</u>	<u>359.78</u>	<u>2,343.22</u>	<u>686.00</u>	<u>112.46</u>	<u>2,230.76</u>	<u>2,590.54</u>
2/10/XX	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>
2/13/XX	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>	<b>170,759.35</b>
2/14/XX	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>
2/15/XX	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>	<u>1,860.50</u>
		TOTALS	<u>355,081.19</u>	<u>309,396.66</u>	<u>37,804.53</u>	<u>7,880.00</u>	<u>1,631.14</u>	<u>36,173.39</u>	<u>345,570.05</u>



## 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		<b>JE - ADJUSTMENT- January</b>	737,372.65
15-Feb		4,023.34	MORTGAGE COLLECTIONS	741,395.99
<b>TOTALS</b>	<b>188,986.48</b>	<b>884,382.47</b>	<b>ENDING BALANCE</b>	<b>741,395.99</b>





## BANK OF BAGWAN 15-Feb

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# Other Billings Analysis

- ✓ Adjustments on the *Monthly Account Statement* and on the *Detailed Adjustment Report*:
  - Loan Mods
  - Short Payoffs
- ✓ Record billings on the log using the same sign as on the *Detailed Adjustment Report*



# Other Billings: *Detailed Adjustment Report*

Freddie Mac  
Detailed Adjustment Report

**Servicer** 123456  
**Cycle** 03/15/XXXX

FM Loan #	Adjustment Amount	Adjustment Description	Adjustment Post Date
775386898	-43.19	SCRA	
775723258	1,483.00	Interest Adjustment	
	1,439.81		

The Freddie Mac Loan number (if applicable)

A description of the the adjustment



The last amount will be the total of all the adjustments. This number appears on the adjustment line of the *Monthly Account Statement*

The dollar amount of each adjustment



# Loan-Level Analysis

Loan-level variances are created when the Amount Due we processed is different from what you deposited.

- Step 1: Amount Deposited  Amount Reported
- Step 2: Amount Reported  Amount Processed



# Calculating Your Loan-Level Variance

Apply the following formula to every loan in your portfolio:

$$\begin{aligned} & \text{Amount Due} \\ & - \text{Change in Delinquent Interest} \\ & + \text{Change in Prepaid Interest} \\ & - \text{Cash Receipts} \\ \hline & = \text{Loan-Level Cash Receipts Variance} \end{aligned}$$



# Calculating Your Loan-Level Variance

Apply the following formula to every loan in your portfolio:

$$\begin{array}{r} \$724.17 \text{ (Amount Due)} \\ - 0.00 \text{ (Change in Delinquent Interest)} \\ + 0.00 \text{ (Change in Prepaid Interest)} \\ - 0.00 \text{ (Cash Received)} \\ \hline = \$724.17 \text{ (LL Cash Receipts Variance)} \end{array}$$



# Calculating Your Loan-Level Variance

Apply the following formula to every loan in your portfolio:

$$\begin{aligned} & \$1,082.98 \text{ (Amount Due)} \\ & - 1,082.98 \text{ (Change in Delinquent Interest)} \\ & + 0.00 \quad \text{(Change in Prepaid Interest)} \\ & - 0.00 \quad \text{(Cash Received)} \\ & \hline & = \$0.00 \text{ (LL Cash Receipts Variance)} \end{aligned}$$



# Cash Receipts to Amount Due for Principal

Loan Number	Borrower Name	Principal Reported	- Principal Collected	= Principal Variance
11757233	Ortega	0.00	0.00	0.00
20259721	Bell	114.77	114.77	0.00
20259782	Fox	138,820.70	138,931.28	<b>(110.58)</b>
20390776	Connors	127.86	127.86	0.00
20392562	Ferguson	117.95	117.95	0.00
20395536	Gonzales	114.99	114.99	0.00
20396625	Brown	95.42	95.42	0.00
20399999	Aubrey	0.00	0.00	0.00
20412566	Wier	0.00	66.66	<b>(66.66)</b>



# Cash Receipts to Amount Due for Interest

Loan Number	Borrower Name	Interest Reported	- Delinquent Interest	+ Prepaid Interest	- Interest Collected	= Interest Variance
11757233	Ortega	724.17	0.00	0.00	0.00	724.17
20259721	Bell	871.15	0.00	0.00	875.15	0.00
20259782	Fox	1004.15	0.00	0.00	1004.15	0.00
20390776	Connors	970.51	0.00	0.00	970.51	0.00
20392562	Ferguson	833.77	0.00	0.00	833.77	0.00
20395536	Gonzales	836.77	0.00	0.00	836.77	0.00
20396625	Brown	710.02	710.02	0.00	0.00	0.00
20399999	Aubrey	1082.98	1082.98	0.00	0.00	0.00
20412566	Wier	0.00	0.00	990.00	990.00	0.00



# Current Cycle Variance Log

Cash Receipts February			
Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
Deposit error analysis			
Deposit Error - 2/14			(540,000.00)
Manual Deposit Analysis			
December Interest for Garcia			(672.92)
Loan Level analysis Step #1 - deposited to reported			
20259782 Fox			(110.58)
20412566 Weir			(66.66)
20400555 Ortega New funding int			724.17
Identified Variances			
Total variance			539,972.49
Unidentified			



# Loan-Level Analysis (con't)

## Reporting Variances:

- Difference between amount reported and amount processed by Freddie Mac
- Identify using your *Loan Reconciliation Difference Report*



REPORT: XXXXXX Freddie Mac Page: 1  
 Accountant: 2A2123 Loan Level Reporting Date: 2/28  
Loan Reconciliation Difference Report Time: 9:15:32

Cycle: xx0215 Servicer: 123456 ABC Bank FINAL

Section 1: Applied Transactions Processed by Freddie Mac

Servicer	FM	Principal	Interest	Prepayment	UPB	Exceptions	R	USR	TRN	DI	TRANS	Error	
Ln Number	Ln Number	Due	Due	Premium		Code	Date	V	ID	STA	FF	DATE	Code
Kerr	11412977	0.00	429.60	0.00	67,609.70	40				REJ	*	2/18/xx	202
	11412977	0.00	429.60	0.00	67,609.70				JJP	LNH		2/18/xx	
Difference		0.00	0.00	0.00			ANY = 7.625%			AGE = 0			
Smithe	20291458	106.50	688.32	0.00	122,262.37					REJ	*	2/18/xx	600
	20291458	106.50	675.58	0.00	122,262.37				FM-	LNH		2/18/xx	
Difference		0.00	-12.74	0.00			ANY = 6.625%			AGE = 0			
Ortega	20400555	0.00	724.17	0.00	110,000.00					REJ	*	2/18/xx	600
	20400555	0.00	712.71	0.00	110,000.00				FM-	LNH		2/18/xx	
Difference		0.00	-11.46	0.00			ANY = 7.900%			AGE = 0			
Wier	20412566	0.00	0.00	0.00	131,933.34					REJ	*	2/18/xx	700
	20412566	66.66	0.00	0.00	131,933.34				FM-	LNH		2/18/xx	
Difference		66.66	0.00	0.00			ANY = 9.000%			AGE = 0			
Section 1 Total		66.66	-24.20										



REPORT: XXXXXX  
 Accountant: 2A2123  
 Freddie Mac  
 Loan Level Reporting  
 Loan Reconciliation Difference Report  
 Page: 1  
 Date: 2/28  
 Time: 9:15:32

Cycle: xx0215                      Servicer: 123456 ABC Bank                      FINAL

Section 2: Applied Transactions Processed by Servicer

Servicer Ln Number	FM Ln Number	Principal Due	Interest Due	Prepayment Premium	UPB	Exceptions Code	R Date	USR V	TRN ID	DI STA	TRANS FF	Error Code
Fox	20259782	138,820.70	1,004.15	0.00	0.00	61	2/10/xx			REJ	*	2/10/xx 600 700
	20259782	138,931.28	1,004.96	0.00	0.00	61	2/10/xx	Y	SS-	LNH		2/11/xx
	20259782	<u>110.58</u>	<u>839.38</u>	<u>0.00</u>	138,820.70					REJ		2/18/xx 303
Difference		110.58	<del>0.81</del>	0.00			ANY = 7.250%			AGE = 0		



# Current Cycle Variance Log

Cash Receipts February			
Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
Deposit error analysis			
Deposit Error - 2/14			(540,000.00)
Manual Deposit Analysis			
December Interest for Garcia			(672.92)
Loan Level analysis Step #1 - deposited to reported			
20259782 Fox			(110.58)
20412566 Weir			(66.66)
20400555 Ortega New funding int			724.17
Loan Level analysis Step #2 - reported to MAS			
20291458 Smithe			(12.74)
20400555 Ortega			(11.46)
20412566 Weir			66.66
20259782 Fox			110.58
Identified Variances			(539,972.95)
Total variance			539,972.49
Unidentified			0.46



# Loan-Level Variances

The most common causes of loan-level variances are:

- Amortization differences
- Interest on new fundings



# Amortization Differences

- ✓ Occur when you calculate interest on a different unpaid principal balance than we do
- ✓ Always occur if a loan was delinquent or prepaid the previous cycle, or if a loan is on a biweekly payment schedule
- ✓ May occur if a curtailment is made



# Amortization Differences

## Scheduled Method – Servicer calculating interest due from the borrower

	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Principal</u>	<u>Difference</u>
December	\$131,864.26	8.00%	\$ 879.10	\$145.21	\$ -
January	\$131,719.05	8.00%	\$ 878.13	\$146.20	\$ (0.97)
February	\$131,572.85	8.00%	\$ 877.15	\$147.21	\$ (2.91)
March	\$131,425.64	8.00%	\$ 876.17	\$148.22	\$ (5.83)
April	\$131,277.42	8.00%	\$ 875.18	\$149.24	\$ (9.75)
			<u>\$ 4,385.73</u>		

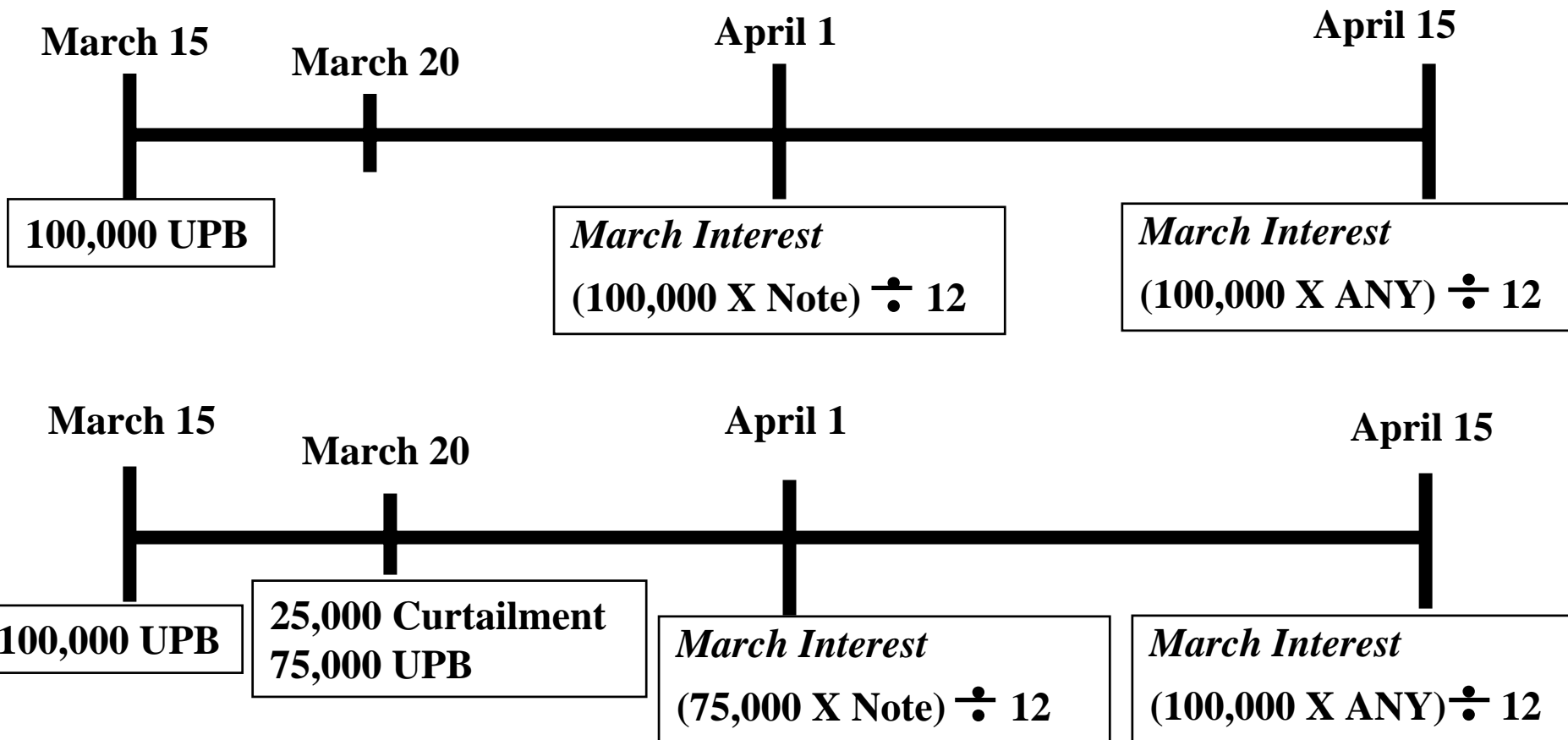
## Net Yield Method – Servicer calculating interest due Freddie Mac

	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Principal</u>
December	\$131,864.26	8.00%	\$ 879.10	\$ -
January	\$131,864.26	8.00%	\$ 879.10	\$ -
February	\$131,864.26	8.00%	\$ 879.10	\$ -
March	\$131,864.26	8.00%	\$ 879.10	\$ -
April	\$131,864.26	8.00%	\$ 879.10	\$ -
			<u>\$ 4,395.48</u>	

Amortization Difference \$ **(9.75)**

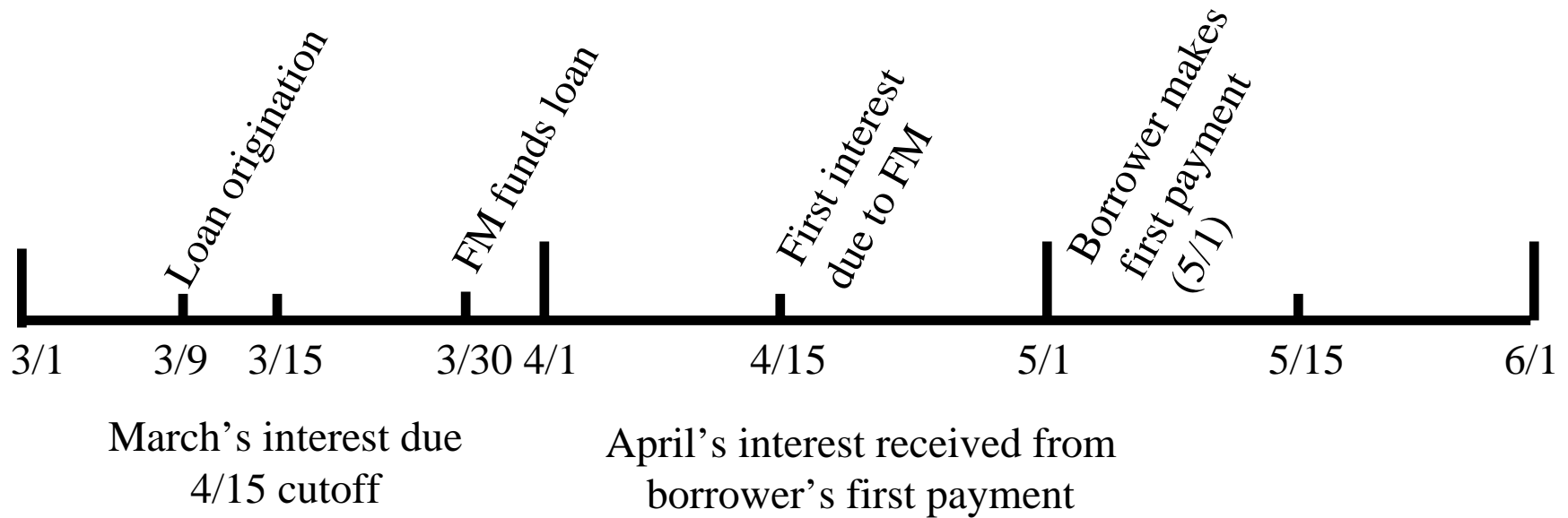


# Amortization Differences: Curtailment





# Interest on Newly Funded Loans



1. When does Freddie Mac want interest for the first time? **April 15**
2. What month's interest is being reported to Freddie Mac on the 4/15 cutoff? **March**
3. When is the borrower's first payment due? **May 1**
4. What month's interest is being collected with the May 1 payment? **April**
5. Where does the money for March's interest due to Freddie Mac come from? **You!**



# Interest on Newly Funded Loans

**Interest from borrower** **\$504.11**

*(Originated 3/9, 23 days)*

**Interest from Freddie Mac**

*(FM funded 3/30, 29 days)*

**\$644.44**

**Total interest collected (52 days)** **\$1,148.55**

**Interest due Freddie Mac (30 days)** **\$666.67**

**Interest income (22 days)** **\$481.88**



# Cash vs. Paper

The next step is to determine if each transaction is a cash or paper adjustment.

- ✓ A cash adjustment occurs when the amount deposited is not equal to what Freddie Mac processed
- ✓ A paper adjustment occurs when the amount deposited is equal to what Freddie Mac processed



# Current Cycle Variance Log

Cash Receipts February			
Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
<i>Deposit error analysis</i>			
Deposit Error - 2/14	Cash		(540,000.00)
<i>Manual Deposit Analysis</i>			
December Interest for Garcia			(672.92)
<i>Loan Level analysis Step #1 - deposited to reported</i>			
20259782 Fox			(110.58)
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20291458 Smithe			(12.74)
20400555 Ortega			(11.46)
20412566 Weir			66.66
20259782 Fox			110.58
Identified Variances			(539,972.95)
Total variance			539,972.49
Unidentified	Cash		0.46



# Cash Receipts to Amount Due for Interest

Loan Number	Borrower Name	Interest Reported	- Delinquent Interest	+ Prepaid Interest	- Interest Collected	= Interest Variance
11757233	Ortega	724.17	0.00	0.00	0.00	724.17
20259721	Bell	871.15	0.00	0.00	875.15	0.00
20259782	Fox	1004.15	0.00	0.00	1004.15	0.00
20390776	Connors	970.51	0.00	0.00	970.51	0.00
20392562	Ferguson	833.77	0.00	0.00	833.77	0.00
20395536	Gonzales	836.77	0.00	0.00	836.77	0.00
20396625	Brown	710.02	710.02	0.00	0.00	0.00
20399999	Aubrey	1082.98	1082.98	0.00	0.00	0.00
20412566	Wier	0.00	0.00	990.00	990.00	0.00



# February Trial Balance

		2/21/XX	Paid off at 2/1/XX balance						
20390555	COSELL	3/1/XX	\$ 870.26	\$ 156,040.13	\$ 1,059.04				
20390664	YEE	3/1/XX	\$ 2,106.05	\$ 158,144.93	\$ 1,083.98				
20390776	NGUYEN	3/1/XX		\$ 166,244.65	\$ 1,167.69				
20390873	FOLEY	2/1/XX			\$ 977.99	\$ 123.33	\$ 856.66		
		2/1/XX	\$ 1,212.39	\$ 146,513.79			\$ 30.52	SF	
							\$ 826.14	AI	
20392562	GONZALES	3/1/XX	\$ 724.22	\$ 147,017.29	\$ 1,006.89				
20395536	SMITH	3/1/XX	\$ 1,731.26	\$ 143,331.90	\$ 981.65				
20396625	RYAN	1/1/XX			\$ 852.34	\$ 92.17	\$ 760.17		
		2/1/XX		\$ 121,441.97		\$ 92.75	\$ 759.59		
		1/1/XX	\$ 672.99	\$ 121,534.72			\$ 101.32	SF	
							\$ 1,418.44	AI	
20397522	AZUMA	3/1/XX		\$ 129,230.56	\$ 928.47				
20397755	YEE	3/1/XX	\$ 648.86	\$ 129,621.93	\$ 922.37				
20399257	CARTNER	3/1/XX		\$ 124,650.75	\$ 904.17				
20399556	KESSLER	3/1/XX	\$ 1,013.95	\$ 137,514.71	\$ 997.48				
20399667	FLEMING	3/1/XX	\$ 1,148.56	\$ 124,247.71	\$ 913.54				
20399999	AUBREY	2/1/XX			\$ 1,231.26	\$ 113.34	\$ 1,117.92		
		2/1/XX	\$ 1,532.75	\$ 167,687.41			\$ 34.93	SF	
							\$ 1,082.99	AI	
20400056	BREWER	3/1/XX		\$ 172,774.05	\$ 1,287.55				
20400194	LEWIS	3/1/XX	\$ 533.71	\$ 148,805.40	\$ 1,108.93				
11757233	<b>ORTEGA</b>	3/1/XX	\$	\$ 110,000.00	818.67				
<b>Originated 1/10/XX, Sold to Freddie Mac 1/16/XX First payment due 3/1/XX</b>									
20400998	MORRISON	4/1/XX	\$ 672.35	\$ 112,900.00	\$ 848.18				
Originated 2/1/XX - Sold to Freddie Mac 2/8/XX - First payment due 4/1/XX									
20411222	GARCIA	2/1/XX		\$ 94,948.11	\$ 764.39				
Originated 12/14/94 - Sold to Freddie Mac 12/16/XX - First payment due 2/1/XX									
20412566	WIER	3/1/XX				\$ 66.66	1,031.25		
		4/1/XX		\$ 131,933.34			\$ 41.25	SF	
Originated 1/14/XX - Sold to Freddie Mac 2/6/XX - First payment due 3/1/XX 1st payment rec'd 2/1/XX									



# Current Cycle Variance Log

Cash Receipts February			
Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
<i>Deposit error analysis</i>			
Deposit Error - 2/14	Cash		(540,000.00)
<i>Manual Deposit Analysis</i>			
December Interest for Garcia			(672.92)
<i>Loan Level analysis Step #1 - deposited to reported</i>			
20259782 Fox			(110.58)
20400555 Ortega New funding	Cash		724.17
20412566 Weir			(66.66)
<i>Loan Level analysis Step #2 - reported to MAS</i>			
20291458 Smithe			(12.74)
20400555 Ortega			(11.46)
20412566 Weir			66.66
20259782 Fox			110.58
Identified Variances			(539,972.95)
Total variance			539,972.49
Unidentified	Cash		0.46



REPORT: XXXXXXXX Freddie Mac Page: 1  
 Accountant: 2A2123 Loan Level Reporting Date: 2/28  
Loan Reconciliation Difference Report Time: 9:15:32

Cycle: xx0215 Servicer: 123456 ABC Bank FINAL

Section 1: Applied Transactions Processed by Freddie Mac

Servicer	FM	Principal	Interest	Prepayment	UPB	Exceptions	R	USR	TRN	DI	TRANS	Error	
Ln Number	Ln Number	Due	Due	Premium		Code	Date	V	ID	STA	FF	DATE	Code
Kerr	11412977	0.00	429.60	0.00	67,609.70	40				REJ	*	2/18/xx	202
	11412977	0.00	429.60	0.00	67,609.70				JJP	LNH		2/18/xx	
Difference		0.00	0.00	0.00			ANY = 7.625%			AGE = 0			
Smithe	20291458	106.50	688.32	0.00	122,262.37					REJ	*	2/18/xx	600
	20291458	106.50	675.58	0.00	122,262.37				FM-	LNH		2/18/xx	
Difference		0.00	-12.74	0.00			ANY = 6.625%			AGE = 0			
Ortega	20400555	0.00	724.17	0.00	110,000.00					REJ	*	2/18/xx	600
	20400555	0.00	712.71	0.00	110,000.00				FM-	LNH		2/18/xx	
Difference		0.00	-11.46	0.00			ANY = 7.900%			AGE = 0			
Wier	20412566	0.00	0.00	0.00	131,933.34					REJ	*	2/18/xx	700
	20412566	66.66	0.00	0.00	131,933.34				FM-	LNH		2/18/xx	
Difference		66.66	0.00	0.00			ANY = 9.000%			AGE = 0			
Section 1 Total		66.66	-24.20										



# Collections Report

Date	Investor Loan #	Borrower	Payment Received	Principal	Interest	Escrow	Service Fee	Net Interest	Freddie Deposit
2/8/xx	20291458	Smithe	1,098.32	106.50	713.82	278.00	25.50	688.32	794.82
	20390475	Mantle	1,003.10	97.05	668.05	238.00	33.40	634.65	731.70
	20930555	Cosell	1,345.03	128.53	930.50	286.00	58.56	871.94	1,000.47



# Smithe

Interest Difference (12.74)

Interest expected by Freddie Mac 675.58

Interest deposited by Servicer

Date 2/8 Amount 688.32

If amount deposited = amount expected by Freddie Mac (Paper)

If amount deposited  $\neq$  amount expected by Freddie Mac (Cash)



REPORT: XXXXXXXX Freddie Mac Page: 1  
 Accountant: 2A2123 Loan Level Reporting Date: 2/28  
Loan Reconciliation Difference Report Time: 9:15:32

Cycle: xx0215 Servicer: 123456 ABC Bank FINAL

Section 1: Applied Transactions Processed by Freddie Mac

Servicer	FM	Principal	Interest	Prepayment	UPB	Exceptions	R	USR	TRN	DI	TRANS	Error	
Ln Number	Ln Number	Due	Due	Premium		Code	Date	V	ID	STA	FF	DATE	Code
Kerr	11412977	0.00	429.60	0.00	67,609.70	40				REJ	*	2/18/xx	202
	11412977	0.00	429.60	0.00	67,609.70				JJP	LNH		2/18/xx	
Difference		0.00	0.00	0.00			ANY = 7.625%			AGE = 0			
Smithe	20291458	106.50	688.32	0.00	122,262.37					REJ	*	2/18/xx	600
	20291458	106.50	675.58	0.00	122,262.37				FM-	LNH		2/18/xx	
Difference		0.00	-12.74	0.00			ANY = 6.625%			AGE = 0			
Ortega	20400555	0.00	724.17	0.00	110,000.00					REJ	*	2/18/xx	600
	20400555	0.00	712.71	0.00	110,000.00				FM-	LNH		2/18/xx	
Difference		0.00	-11.46	0.00			ANY = 7.900%			AGE = 0			
Wier	20412566	0.00	0.00	0.00	131,933.34					REJ	*	2/18/xx	700
	20412566	66.66	0.00	0.00	131,933.34				FM-	LNH		2/18/xx	
Difference		66.66	0.00	0.00			ANY = 9.000%			AGE = 0			
Section 1 Total		66.66	-24.20										



# Ortega

Interest Difference (11.46)

Interest expected by Freddie Mac 712.71

Interest deposited by Servicer

Date\_\_ Amount 0.00

If amount deposited = amount expected by Freddie Mac (Paper)

If amount deposited  $\neq$  amount expected by Freddie Mac (Cash)



# Ortega Loan

<u>Reported to Freddie Mac</u>		<u>Amount Deposited</u>		<u>Variance</u>
\$724.17	←→	\$0.00	=	\$724.17

<u>Processed by Freddie Mac</u>		<u>Reported to Freddie Mac</u>		<u>Reported to Freddie Mac</u>
\$712.71	←→	\$724.17	=	(\$11.46)

<u>Net Deposit</u>
\$712.71



REPORT: XXXXXXXX Freddie Mac Page: 1  
 Accountant: 2A2123 Loan Level Reporting Date: 2/28  
 Loan Reconciliation Difference Report Time: 9:15:32

Cycle: xx0215 Servicer: 123456 ABC Bank FINAL

Section 1: Applied Transactions Processed by Freddie Mac

Servicer Ln Number	FM Ln Number	Principal Due	Interest Due	Prepayment Premium	UPB	Exceptions Code	R Date	USR V ID	TRN STA	DI FF	TRANS DATE	Error Code
Kerr	11412977	0.00	429.60	0.00	67,609.70	40			REJ	*	2/18/xx	202
	11412977	0.00	429.60	0.00	67,609.70			JJP	LNH		2/18/xx	
Difference		0.00	0.00	0.00					ANY = 7.625%		AGE = 0	
Smithe	20291458	106.50	688.32	0.00	122,262.37				REJ	*	2/18/xx	600
	20291458	106.50	675.58	0.00	122,262.37			FM-	LNH		2/18/xx	
Difference		0.00	-12.74	0.00					ANY = 6.625%		AGE = 0	
Ortega	20400555	0.00	724.17	0.00	110,000.00				REJ	*	2/18/xx	600
	20400555	0.00	712.71	0.00	110,000.00			FM-	LNH		2/18/xx	
Difference		0.00	-11.46	0.00					ANY = 7.900%		AGE = 0	
Wier	20412566	0.00	0.00	0.00	131,933.34				REJ	*	2/18/xx	700
	20412566	66.66	0.00	0.00	131,933.34			FM-	LNH		2/18/xx	
Difference		66.66	0.00	0.00					ANY = 9.000%		AGE = 0	
Section 1 Total		66.66	-24.20									



# Collections Report

Date	Investor Loan #	Borrower	Payment Received	Principal	Interest	Escrow	Service Fee	Net Interest	Freddie Deposit
2/1/xx	11458997	Blain	1,522.71	100.60	1,066.11	356.00	29.61	1,036.50	1,137.10
	20300258	Aaron	1,110.37	77.53	855.84	177.00	47.55	808.29	885.82
	20305264	Garcia	1,037.87	133.96	903.91	---	32.28	871.63	1,005.59
	20411222	Connor	1,025.39	105.35	713.77	206.00	49.26	664.51	769.86
	20412566	Wier	1,097.91	<b>66.66</b>	1,031.25	---	41.25	990.00	1,056.66



# Wier

Principal Difference 66.66

Principal expected by Freddie Mac 66.66

Principal deposited by Servicer

Date 2/1 Amount 66.66

If amount deposited = amount expected by Freddie Mac (Paper)

If amount deposited  $\neq$  amount expected by Freddie Mac (Cash)



REPORT: XXXXXXXX Freddie Mac Page: 1  
 Accountant: 2A2123 Loan Level Reporting Date: 2/28  
Loan Reconciliation Difference Report Time: 9:15:32

Cycle: xx0215 Servicer: 123456 ABC Bank FINAL

Section 2: Applied Transactions Processed by Servicer

Servicer	FM	Principal	Interest	Prepayment	UPB	Exceptions	R	USR	TRN	DI	TRANS	Error	
Ln Number	Ln Number	Due	Due	Premium		Code	Date	V	ID	STA	FF	DATE	Code
Fox	20259782	138,820.70	1,004.15	0.00	0.00	61	2/10/xx			REJ	*	2/10/xx	600 700
	20259782	138,931.28	1,004.96	0.00	0.00	61	2/10/xx	Y	SS-	LNH		2/11/xx	
	20259782	110.58	839.38	0.00	138,820.70					REJ		2/18/xx	303
Difference		110.58	<del>0.81</del>	0.00			ANY = 7.250%			AGE = 0			



# Collections Report

Date	Investor Loan #	Borrower	Payment Received	Principal	Interest	Escrow	Service Fee	Net Interest	Freddie Deposit
2/6/xx	20259721	Ferenczy	1,263.96	114.77	901.19	248.00	30.04	871.15	985.92
	20399527	Kessler	1,323.48	97.27	900.21	326.00	28.67	871.54	968.81
	20259782	Fox	978.90	110.58	868.32	--	28.94	839.38	949.96

Date	Investor Loan #	Borrower	Payment Received	Principal	Interest	Escrow	Service Fee	Net Interest	Freddie Deposit
2/7/xx	11459988	Crowe	1,027.68	114.77	901.19	248.00	30.04	871.15	985.92
	11682686	Jolly	1,098.24	97.27	900.21	326.00	28.67	871.54	968.81
	20259782	Fox	138,991.85	138,820.70	171.15	--	5.70	165.45	138,986.15



# Fox

Principal Difference 110.58

Principal expected by Freddie Mac 138,931.28

Principal deposited by Servicer

Date 2/6 Amount 110.58

Date 2/7 Amount 138,820.70

If amount deposited = amount expected by Freddie Mac (Paper)

If amount deposited  $\neq$  amount expected by Freddie Mac (Cash)



# Current Cycle Variance Log

Cash Receipts February			
Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
<i>Deposit error analysis</i>			
Deposit Error - 2/14	Cash		(540,000.00)
<i>Manual Deposit Analysis</i>			
December Interest for Garcia			(672.92)
<i>Loan Level analysis Step #1 - deposited to reported</i>			
20259782 Fox	Paper		(110.58)
20400555 Ortega New funding	Cash		724.17
20412566 Weir	Paper		(66.66)
<i>Loan Level analysis Step #2 - reported to MAS</i>			
20291458 Smithe	Cash		(12.74)
20400555 Ortega	Cash		(11.46)
20412566 Weir	Paper		66.66
20259782 Fox	Paper		110.58
Identified Variances			(539,972.95)
Total variance			539,972.49
Unidentified	Cash		0.46



# Summary

- Cash receipt variances occur when the amount deposited is not equal to the total amount due Freddie Mac for the cycle.
- Steps to Identify your cash receipts variance
  - ✓ Deposit analysis
  - ✓ Other billings analysis
  - ✓ Loan-level analysis
- The most common causes of loan-level variances are:
  - ✓ Amortization differences
  - ✓ Interest on new fundings
- A cash adjustment occurs when the amount deposited is not equal to what Freddie Mac processed
- A paper adjustment occurs when the amount deposited is equal to what Freddie Mac processed



# 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.



View a summary of recent changes at [www.FreddieMac.com/learn/ch\\_ind/](http://www.FreddieMac.com/learn/ch_ind/)

Date	Change	Link
Coming	Freddie Mac Campus® Live – training event coming Register early to attend classroom workshops of your choice. Plan to participate in highly interactive discussions with knowledgeable Freddie Mac instructors and use valuable networking opportunities with industry peers. Learn more about mortgage products, Loan Prospector®	<a href="#">Training Event</a>



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