



P&I Custodial Account Variances

Your Freddie Mac presenter is...

Elizabeth Fink



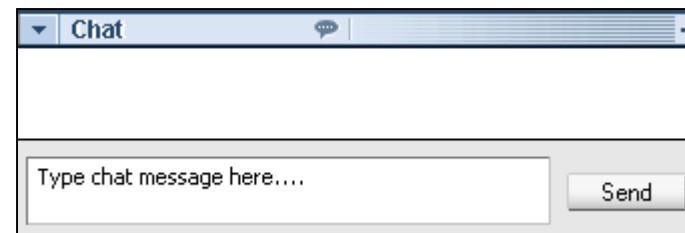
Tools and Tips

- How to participate via the Internet (WebEx)

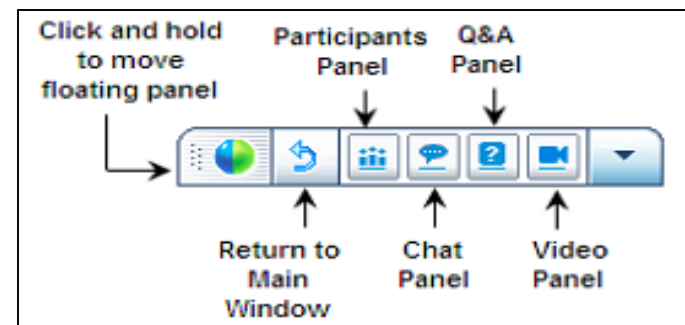
- Using your feedback toolbar



- To ask a question



- Using your floating icon tray



For Technical Support, call (866) 229-3239

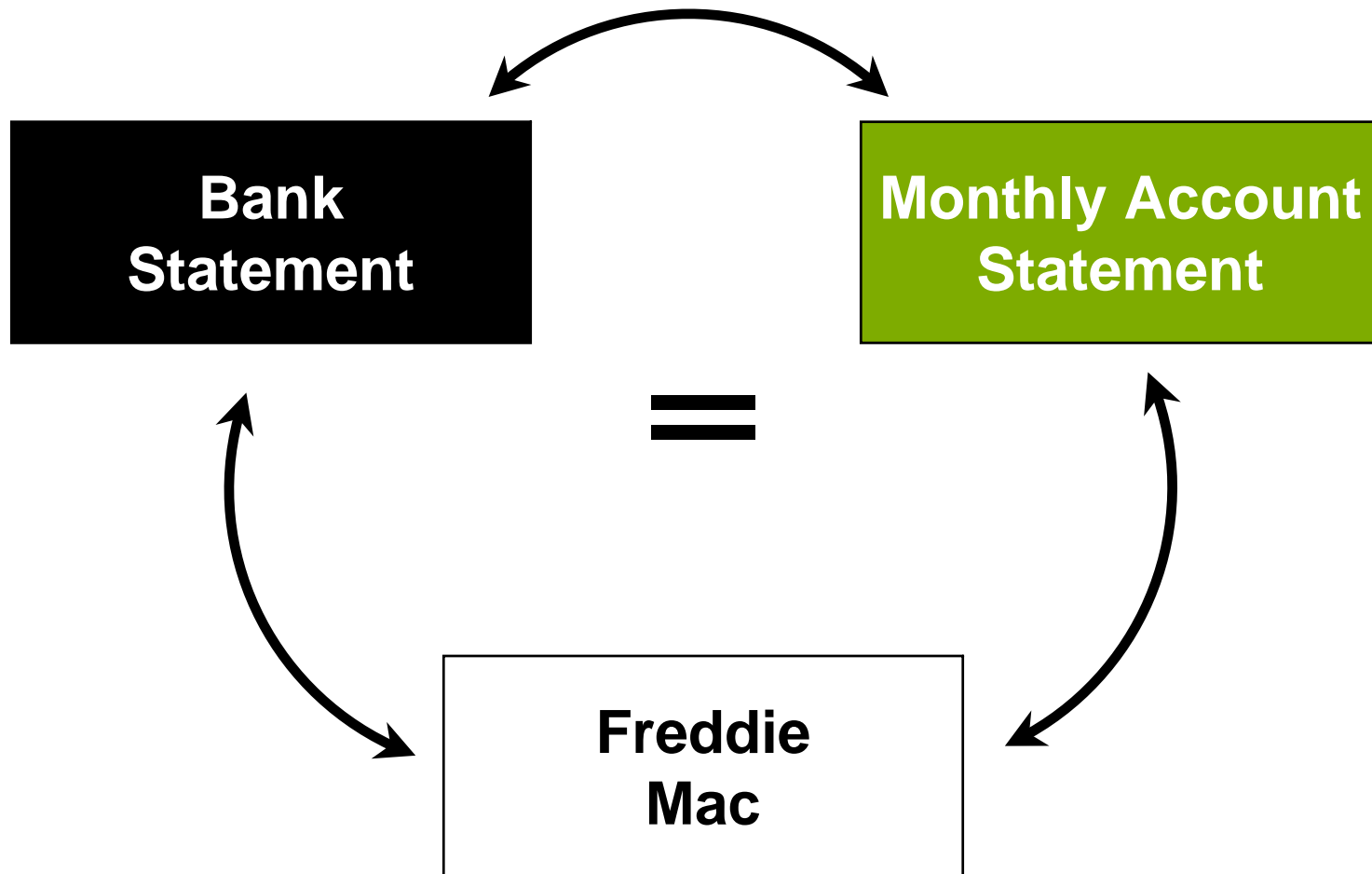


Agenda

- Completing the required worksheets
- Identifying Cash Disbursements
- Identifying Cash Receipts
- Cumulative Variance
- How to maximize your Custodial Account Review Score



Reconciled Account





Purpose of Reconciling the P&I Custodial Account

Reconciling your principal and interest custodial account identifies discrepancies between your investor reporting and your cash management



Steps to Reconciling the P&I Custodial Account

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



Completing the Worksheets

- You must reconcile your P&I custodial accounts using the Form 59, Principal and Interest Custodial Account Reconciliation Worksheet
- Then you may complete the Cash Receipts and Cash Disbursements worksheets to help identify any variance



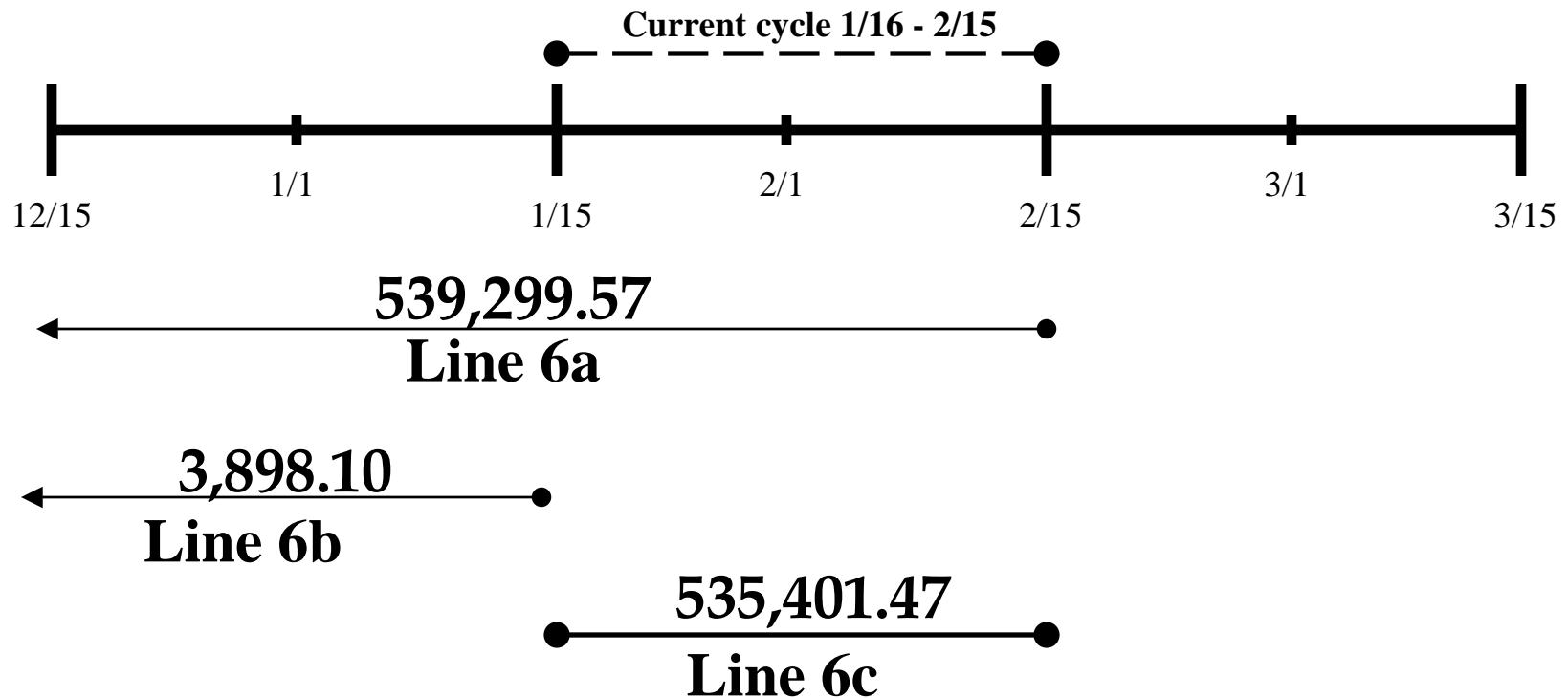
Total Variance

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 6b)	<u>535,401.47</u>



Current Cycle Variance 2/15 cutoff





Verify Worksheet Totals

Cash Receipts Variance

- Cash Disbursements Variance

= Total Current Cycle Variance

(Line 6C of the P&I Worksheet)



Cash Disbursement Variances

Bank Statement

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**Monthly Account
Statement**

Debits

Remittances (GPI)



Causes of Cash Disbursement Variances

Cash disbursement variances are created by:

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



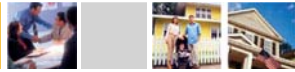
Cash Disbursements to Amount Remitted Worksheet as of February 15

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)	<u>\$188,986.48</u>
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)	<u>\$184,415.46</u>
Section 3 - Total Variance		
3)	Total cash disbursements variance (Line 1 - Line 2)	<u>\$4,571.02</u>



Cash Disbursement Variances

Identify cash disbursement variances by recording any withdrawals from the custodial account that are not remittances to Freddie Mac via Global Payments Inc (GPI)



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



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

Under remittances and over remittances do not cause cash disbursement variances!



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>



Cash Receipts Variances

Bank Statement

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**Monthly Account
Statement**

Credits

Loan Level



Cash Receipts to Current Amount Due Worksheet

as of February 15

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</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 Prepays

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 \$346,270.48



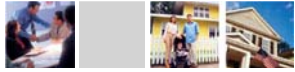
Cash Receipts to Current Amount Due

Worksheet

as of February 15

Section 3 - Total Variance

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

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



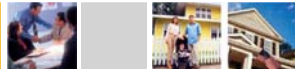
Deposit Analysis

Review your bank statement:

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

FEB 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	887.05
			<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>	170,759.35
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>



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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
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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
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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 Cycle 123456
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 \longleftrightarrow Amount Reported
- Step 2: Amount Reported \longleftrightarrow 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:

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



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	(110.58)
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	(66.66)



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



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	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 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 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	<u>110.58</u>	<u>839.38</u>	<u>0.00</u>	138,820.70					REJ		2/18/xx 303
Difference		110.58	0.81	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>		

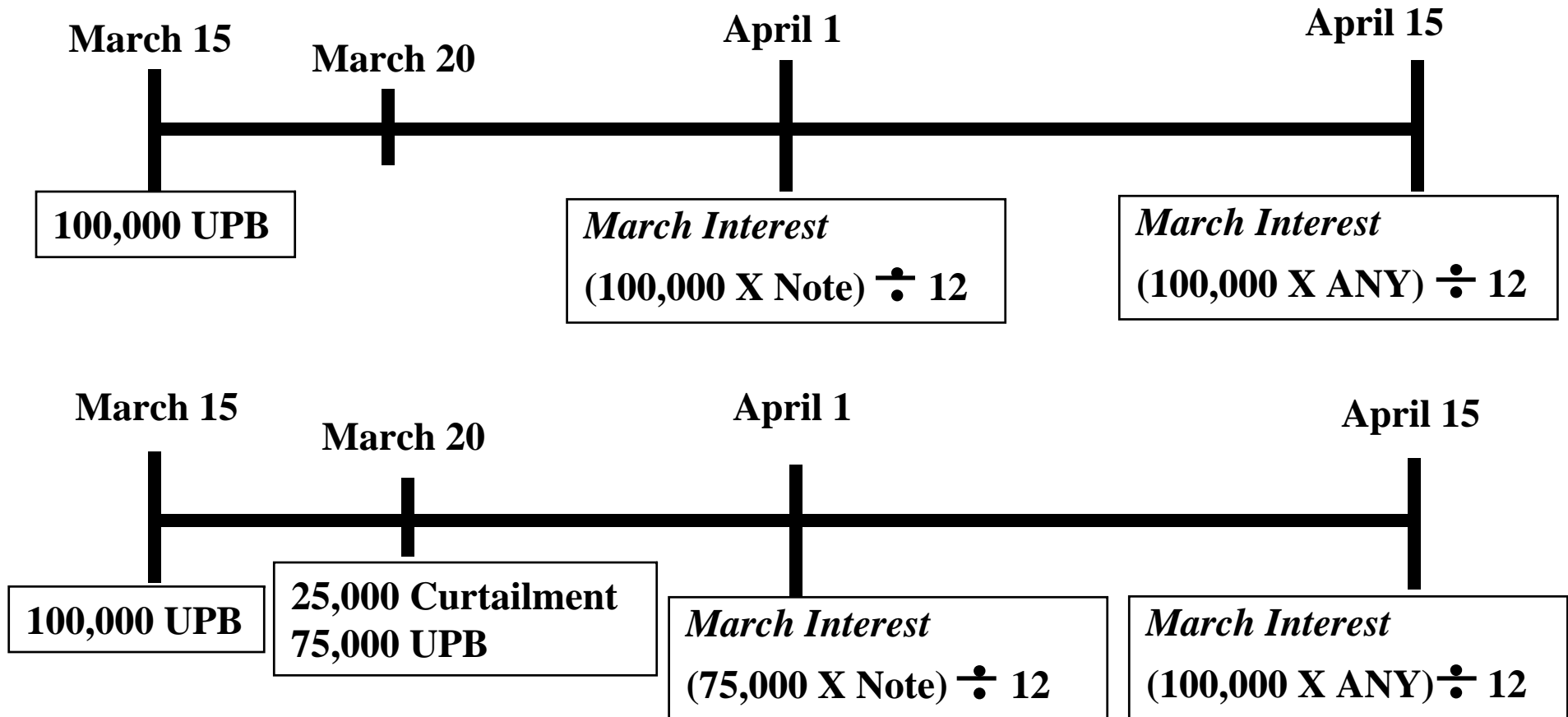
Net Yield Method – Servicer calculating interest due Freddie Mac

	<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)**

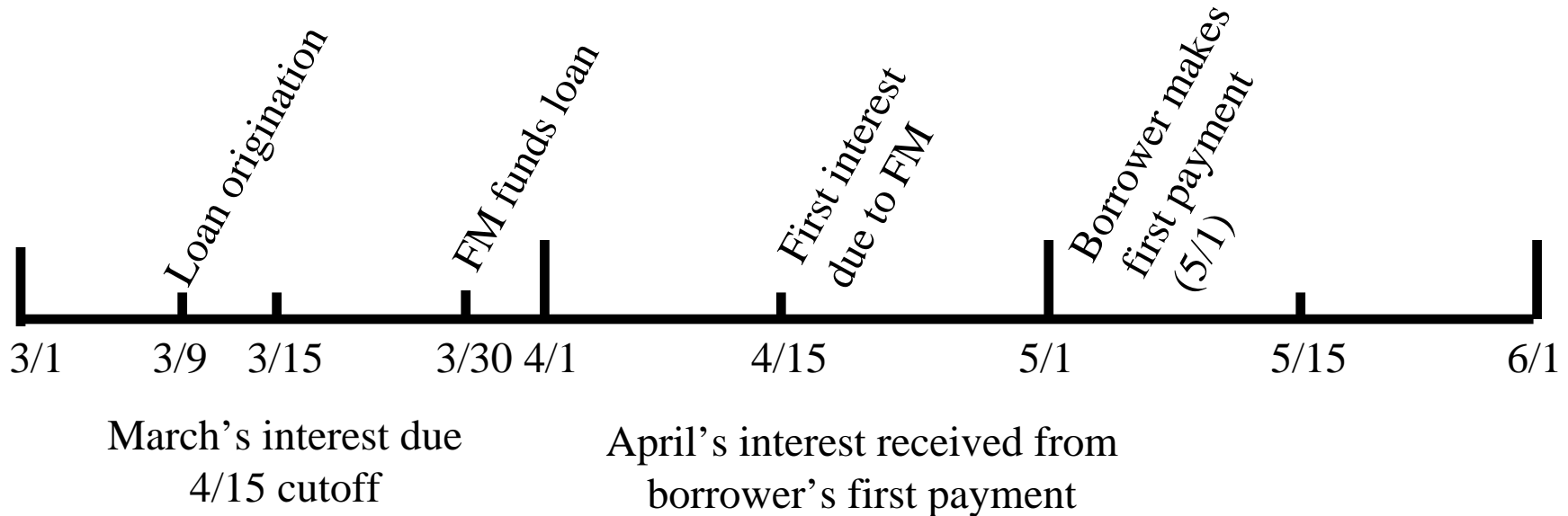


Amortization Differences: Curtailment





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)
20400555 Ortega New funding			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



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	ORTEGA	3/1/XX	\$	\$ 110,000.00	818.67				
Originated 1/10/XX, Sold to Freddie Mac 1/16/XX First payment due 3/1/XX									
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: 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													
Ln	Servicer	FM Ln Number	Principal Due	Interest Due	Prepayment Premium	UPB	Exceptions Code	R Date	USR 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
2/8/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: 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	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	66.66	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)



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

Cumulative Variance



Current Cycle's Total Cumulative Variance

The Cumulative Variance Log total should equal the total cumulative variance (Line 6a) from the *Principal and Interest Custodial Account Reconciliation Worksheet*

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

AS OF: 15-Feb

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

Section 3 - Total Variance							
6a)	Current cycle's total cumulative variance (Line 1 less Line 5)					539,299.57	
6b)	Previous cycle's total cumulative variance (Line 6a from previous cycle)					3,898.10	
6c)	Current cycle variance (Line 6a less 6b)					535,401.47	



Cumulative Variance Log

February

Orig Cycle	Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
	Identified Variances			
	Total variance			539,299.57
	Unidentified			



What Information Do You Need?

To complete the Cumulative Variance Log you need:

- ✓ The Cumulative Variance Log from the previous cycle, and
- ✓ All of the variance logs from the current cycle



Cumulative Variance Log

January				
Orig Cycle	Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
JAN	GARCIA -Interest for new funding	Cash		672.92
?	Unidentified Balance	Cash		(4,571.02)
	Identified Variances			(3,898.10)
	Total variance			3,898.10
	Unidentified			



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			(540,000.00)
<i>Manual Deposit Analysis</i>			
December Interest for Garcia		13-Feb	(672.92)
<i>Loan Level analysis Step #1 - deposited to reported</i>			
20259782 Fox			(110.58)
20400555 Ortega New funding interest			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			0.46



Clearing Previous Cycles' Variances

- Compare your previous cycle's Cumulative Log to your logs for the current cycle
- Cross off any transactions that offset, making sure to cross the transactions off of both logs



Clearing Current Cycle Variances

- Compare your current cycle variance logs to each other
- Cross off any transactions that offset, on both logs or on the same log



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			(540,000.00)
<i>Manual Deposit Analysis</i>			
December Interest for Garcia		13-Feb	(672.92)
<i>Loan Level analysis Step #1 - deposited to reported</i>			
20259782 Fox			(110.58)
20400555 Ortega New funding interest			724.17
20412566 Weir			(66.66)
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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			0.46



Completing the New Cumulative Log

- Record onto a new Cumulative Log all transactions that are not crossed off the previous cycle's cumulative log and the current cycle logs
- The new Cumulative Log total should equal Line 6a of the P&I worksheet



Cumulative Variance Log

Orig Cycle	Type	Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
2/15	CR	Deposit Error			(540,000.00)
2/15	CR	20400555 Ortega New funding interest			724.17
2/15	CR	20291458 Smithe			(12.74)
2/15	CR	20400555 Ortega			(11.46)
2/15	CR	amortization difference			0.46
		Identified Variances			(539,299.57)
		Total variance			539,299.57
		Unidentified			0.00



Cumulative Variance Log

Orig Cycle	Type	Transaction/Description	C/P	Date Adjustment Was Made	Dollar Amount (indicate if positive or negative amount)
2/15	CR	Deposit Error	Cash		(540,000.00)
2/15	CR	20400555 Ortega New funding interest	Cash		724.17
2/15	CR	20291458 Smithe	Cash		(12.74)
2/15	CR	20400555 Ortega	Cash		(11.46)
2/15	CR	amortization difference	Cash		0.46
		Identified Variances			(539,299.57)
		Total variance			539,299.57
		Unidentified			0.00



Resolving Cash Adjustments

- To resolve a cash adjustment, you must make the applicable deposits and/or withdrawals
- You must make adjustments within 90 days of the cycle your are reconciling



How to Maximize your Custodial Account Review Score



How to maximize your Custodial Account Review Score

- Complete entire Forms 59 and 59E up to the current cycle's variance (line 6c for P&I and line 3c for Escrow)
 - ✓ You must identify lines 6a for P&I and 3a for Escrow for the cumulative variance shortages/overages. The current cycle's variance is your starting point for identifying any shortages/overages.
- Ensure your reconciliation worksheets mirror Forms 59 and 59E
 - ✓ This includes the 'prepared by' and 'approved by' signatures and dates. Do not add or delete any line items.



How to maximize your Custodial Account Review Score

- Create an audit trail for line items on Form 59 and 59E
- File your custodial account reconciliations as “stand alone packages”
- Repurchases must be deposited into the P&I custodial account from your corporate account.
- Partial payments are deposited into the Escrow account not the P&I account
- You must advance negative escrow at the loan level



How to maximize your Custodial Account Review Score

- Do not commingle Freddie Mac funds with other investor funds in the Freddie Mac custodial accounts
- Include prior and future bank statements to document outstanding debits and deposits in transit
- Include the final *Monthly Account Statement* Balance on line 2 of your *P&I reconciliation worksheet*
- Do not include your *Remittance Analysis* overage or shortage as part of your custodial account reconciliation



Resources

- The Learning Center
 - ✓ <http://www.freddiemac.com/learn>
- (800)FREDDIE (373-3343)
- *Single-Family Seller/Service 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/



Also

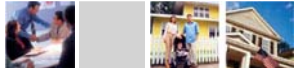
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evaluation before exiting
today's session.**

Thank you for your participation!