



Customer Education

Introduction to Investor Accounting Responsibilities

Your Freddie Mac presenter is...

Elizabeth Fink



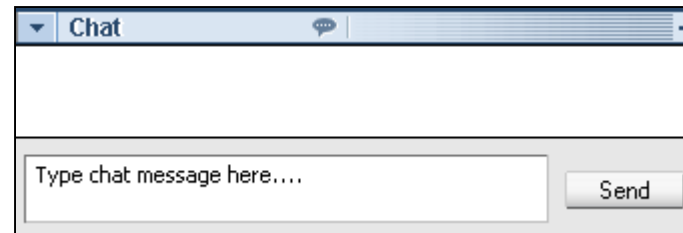
Tools and Tips

- How to participate via the Internet (WebEx)

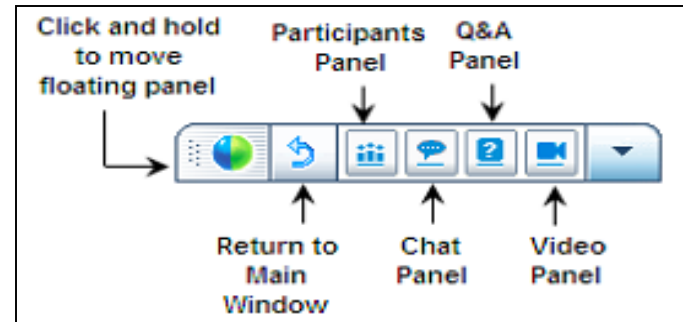
- Using your feedback toolbar



- To ask a question



- Using your floating icon tray



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Agenda

- Loan Set Up
- Overview of the Investor Accounting Process
- Reporting Requirements
- Remitting Requirements
- Custodial Accounts Overview
- Servicer Performance Profile Overview

Loan Set Up

- You decide which program options you want, take out a contract and deliver a mortgage to Freddie Mac.
- Freddie Mac funds the mortgages and transmits documentation to you.
- Set up the loan in your system and designate Freddie Mac as the investor for the mortgage activity.
- Freddie Mac sets the mortgages up on an internal system and expects you to begin reporting.

Funding Documentation

Once we successfully process your purchase transmission, we send you the following documentation:

- Funding Detail Report
- Loan Purchase Statement



Sample Funding Detail Report

Freddie Mac Funding Details Report

Seller Name:	Customer Training	Contract Name:	Fund
Seller Number:	222210	Contract Number:	319937011
Organization ID:	233593347	Contract Product:	1/1 1-Year CMT ARM
Seller Address:	125 Baker St PO Box 1111256, Bristow VA 21036-1000	Participation Percent:	100.00%
		Remittance Option:	ARC
		Prepayment Remittance Due Days:	5
Designated Servicer Name:	Customer Training		
Servicer Number:	222210		
Servicer Address:	125 Baker St PO Box 1111256, Bristow VA 21036-1000		

Settlement Summary

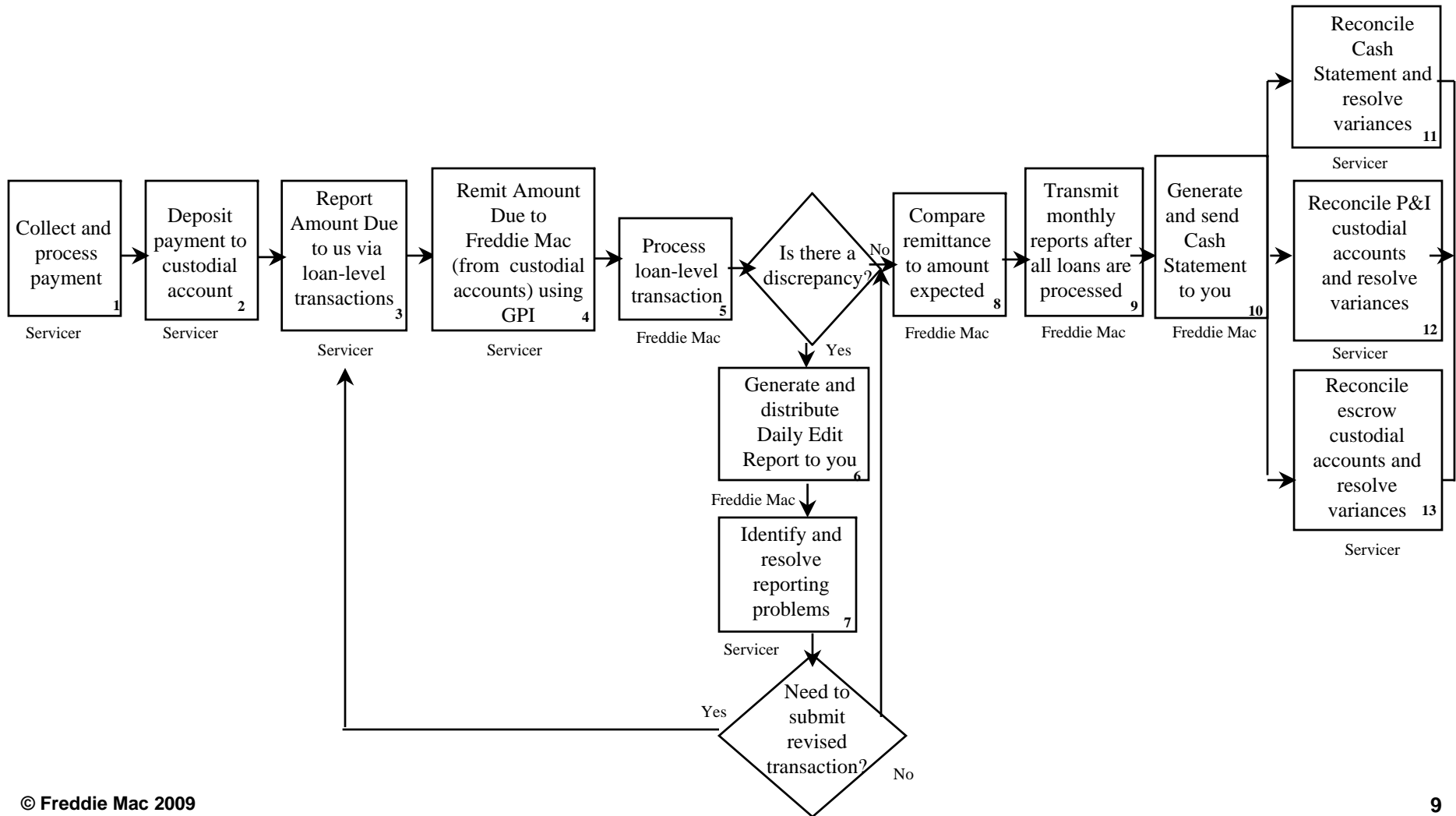
Seller Loan Number	FHLMC Loan Number	P&I Constant	Interest Paid to Date	Note Rate	ANY Rate	First Rate Adjustment Date	Accounting Net Margin	Accounting Net Life Cap	Remaining Maturity	Principal Purchased
Settlement Date:		02/03/2004								
JANC_ARM_01	123215645	760.03	11/01/2003	4.500%	4.125%	11/01/2004	2.500%	10.125%	360	150,000.00
JANC_ARM_02	123215646	760.03	11/01/2003	4.500%	4.125%	11/01/2004	2.500%	10.125%	360	150,000.00
JANC_ARM_03	123215647	760.03	11/01/2003	4.500%	4.125%	11/01/2004	2.500%	10.125%	360	150,000.00

Note Rate
- Accounting Net Yield
Servicing Fee

Loan Set Up

- Set the mortgage up on your investor reporting system.
- Ensure the information set up matches the Funding Detail report.
- Begin your investor accounting responsibilities.

Investor Accounting Process Flow



Overview of Investor Accounting

Investor accounting is the process of accounting for mortgages that are serviced for Freddie Mac. It includes three major activities:

- Reporting loan data
- Remitting cash
- Reconciling custodial accounts

Reporting

- The process of transmitting data to Freddie Mac for the accounting activity that occurred for each mortgage.
- You are required to report the mortgage activity for every loan in your portfolio on a monthly basis.

Remitting

The process of sending funds to Freddie Mac via Global Payments Inc (GPI)

- Liquidation funds are due based on the exception date.
- Monthly P&I funds are due based on the remittance option(s) you have selected.

The Accounting Cycle

Month A						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Month B						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

One Accounting Cycle

Accounting cutoff

Monthly Processing

- Report at the same time every month.
 - ✓ No later than 5 business days after the accounting cutoff
- Remit at the same time(s) every month.
 - ✓ Based on the remittance option selected when a loan is sold to Freddie Mac.



Interim Processing

Occurs anytime and is based on the exception date

- Report
 - ✓ Matured and prepaid payoffs within 2 business days of the exception (payoff) date
 - ✓ Repurchases within 5 business days of the selected exception date
 - ✓ Convertible ARMs within 5 business days of the exception date
 - ✓ Third party foreclosure sales within 2 business days of receipt of funds
- Remittances for proceeds are due Freddie Mac within 5 business days of the receipt of funds.

How to Transmit Your Mortgage Activity

- Mortgage Information Direct Access Network (MIDANET[®]) enables you to send mortgage accounting and servicing information to us.
- The required data elements to be reported for each loan depend on the type of loan-level transaction being reported.



Non-Exception vs. Exception Activity

- Non-Exception – regular monthly activity of principal and interest payments
- Exception Activity - any exception to the regular monthly activity of P&I that changes the status of the mortgage



Exception Codes

- Exception Activity has corresponding exception codes. If you report using:
 - ✓ MIDANET for the PC – select verbiage
 - ✓ Other methods – select corresponding exception code
- Reports printed from MIDANET for the PC reflect the exception codes.



Exception Codes

Monthly Processing

- N/A – Active, Newly funded mortgage
- 40 - Inactivation
- 50 - Reinstatement
- 70 – Real Estate Owned
- 72 – FHA/VA Foreclosure/conveyance
- 80 – Principal Balance Correction

Interim Processing

- 60 – Matured Payoff
- 61 - Prepaid Payoff
- 65 - Repurchase
- 66 – Convertible ARM
- 71 – Third Party Foreclosure Sale - Conventional
- 73 – Third Party Foreclosure Sale – FHA/VA mortgage

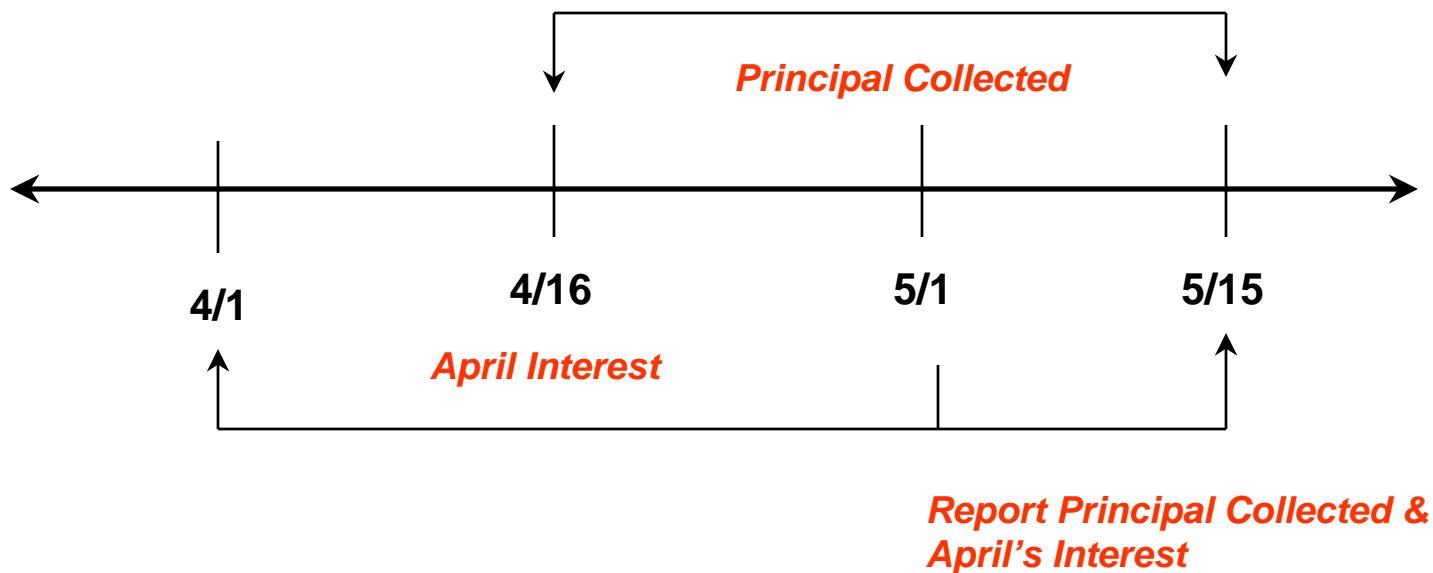


What Dates Must You Report For Every Loan?

- DDLPI: Due Date Last Paid Installment
 - ✓ According to the terms of the note
- LPRD: Last Payment Received Date
 - ✓ The actual date you received the borrower's payment

What to Report & Remit for Mortgage Activity

- Scheduled interest calculated in arrears
- Actual principal collected during the accounting cycle





Accounting Methods

- Net Yield
- Alternate
- Scheduled/Scheduled
- Guaranteed Timely P&I

What Do You Report for the May Cycle If You Receive the May and June Payment on May 9th?

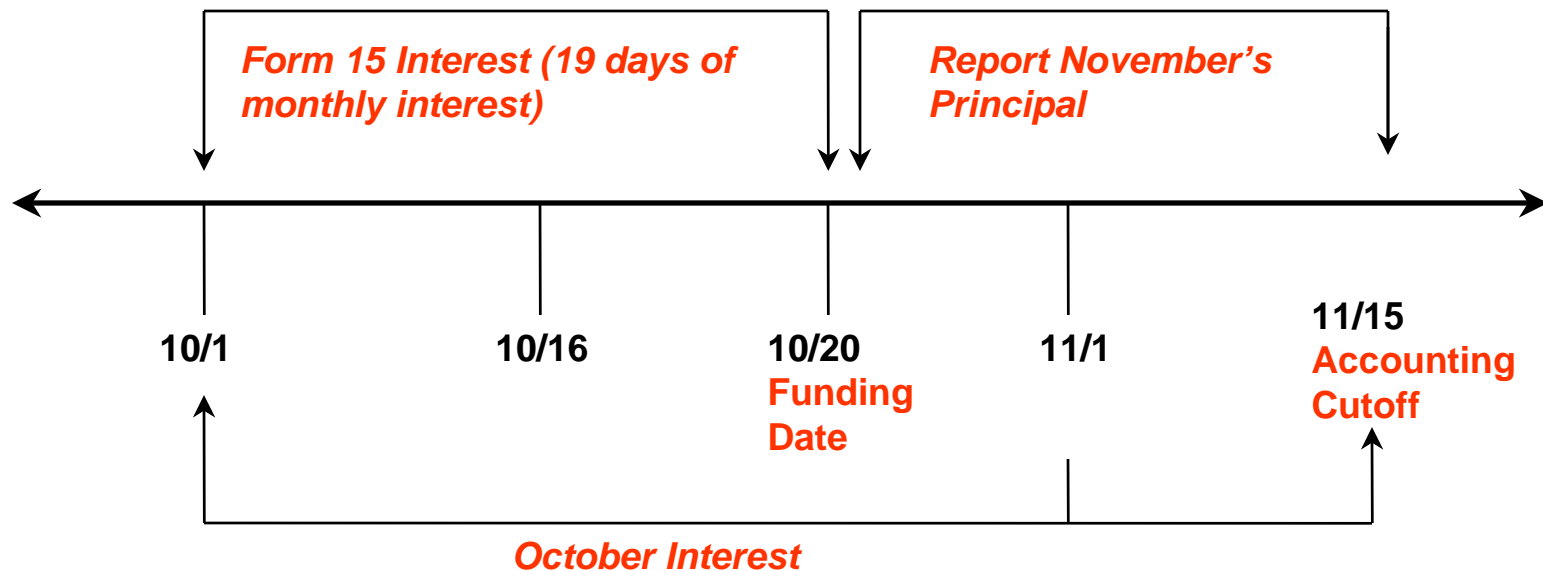
LPRD	DDLPI	PMT	INT	PR
5/9	6/1	May	900	100
		June	<u>900</u>	<u>100</u>
			1,800	200
		<i>Net Yield known as Scheduled/ Actual</i>	900	200
		<i>Alternate Method known as Actual Actual</i>	1,800	200
		<i>Scheduled/Scheduled</i>	900	100

What Do You Report for the May Cycle if the Last Payment You Received was the April Payment on April 8th?

LPRD	DDLPI	PMT	INT	PR
4/8	4/1		0	0
<i>Net Yield known as Scheduled/ Actual</i>			900	0
<i>Alternate Method known as Actual Actual</i>			0	0
<i>Scheduled/Scheduled</i>			900	100

Newly Funded Mortgages

- Report one full month of scheduled interest for the accounting cutoff following the funding date.
- Freddie Mac credits you for the portion of the month we did not own the loan (Purchase Statement).



Your Investor Reporting Responsibilities

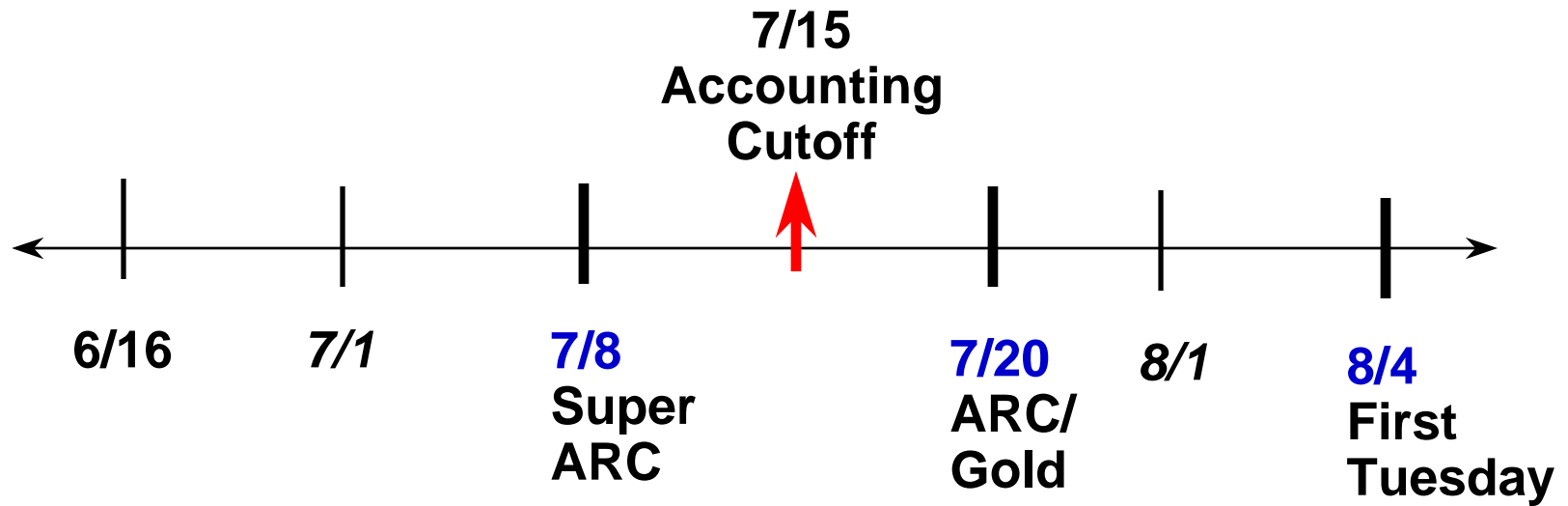
- You must report a loan level transaction for each loan in your portfolio every cycle.
- Freddie Mac will only process one transaction per loan per cycle.
- We “close our books” or “final” our system once we have processed a transaction for every loan in your portfolio.



Remittance Cycle Options

- Accelerated Remittance Cycle (ARC)
- Gold
- First Tuesday
- Original
- Super Accelerated Remittance Cycle (Super ARC)

Remittance Options



How to Remit Funds to Freddie Mac

Remit funds due us via Global Payments Inc (GPI) using:

- A touch-tone phone...
 - ✓ Follow the voice prompts

OR

- Online
 - ✓ Use Investor Accounting ManagerSM (IAM)

Remitting Timely to Freddie Mac

- Funds must be available for our use on or before the remittance due date.
- You must complete your remittance through GPI by 9:00 pm Eastern Time, the business day prior to the remittance due date.
- We debit your bank account the following business day.

2009 Due Date Calendar

2009 Due Date Calendar for Monthly Reporting and Remitting

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	1	2	3	4	5	6	7	1	2	3	4	5	6	7				1	2	3	4
4	5	6	7	8	9	10	8	9	10	11	12	13	14	8	9	10	11	12	13	14	5	6	7	8	9	10	11
11	12	13	14	15	16	17	15	16	17	18	19	20	21	15	16	17	18	19	20	21	12	13	14	15	16	17	18
18	19	20	21	22	23	24	22	23	24	25	26	27	28	22	23	24	25	26	27	28	19	20	21	22	23	24	25
25	26	27	28	29	30	31								29	30	31					26	27	28	29	30		

May							June							July							August							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
					1	2			1	2	3	4	5	6				1	2	3	4							1
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15	
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31	23	24	25	26	27	28	29		
31																					30	31						



Remittance Analysis

Freddie Mac								Last Updated: 11/30/xxxx 12:00:00 AM	
Seller/Servicer Remittance Analysis									
10/16/xxxx through 11/15/xxxx								Final	
Servicer Number:									
Servicer Name:									
Servicer Contact Name:									
	Amount Received			Amount Due					
Date	P&I, Adj, Int. Advanced	P/O, TP FCL	Corrections	P&I, Int. Advanced	P/O, TP FCL	Adj.	Adj. Code	Balance	Int. Reimbursement
								100,000.00	
Oct. 16	0.00	0.00	0.00	0.00	0.00	0.00		100,000.00	0.00
Oct. 17	0.00	0.00	0.00	0.00	100,000.00	0.00		0.00	0.00
Oct. 18	15,000.00	0.00	0.00	15,000.00	0.00	0.00		0.00	0.00
Oct. 19	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 20	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 21	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 22	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 23	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 24	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 25	0.00	0.00	0.00	0.00	120,000.00	0.00		(120,000.00)	37.80
Oct. 26	0.00	0.00	0.00	0.00	0.00	0.00		(120,000.00)	37.80
Oct. 27	0.00	0.00	0.00	0.00	0.00	0.00		(120,000.00)	37.80
Oct. 28	0.00	120,000.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 29	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 30	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 31	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 1	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 2	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 3	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 4	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 5	0.00	0.00	0.00	300,000.00	0.00	0.00		(300,000.00)	94.52
Nov. 6	300,000.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 7	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 8	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 9	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 10	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 11	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 12	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 13	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 14	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 15	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Totals:	315,000.00	120,000.00	0.00	315,000.00	220,000.00	0.00		0.00	207.92

Total Interest Reimbursement Due to Freddie Mac calculated at (Prime Rate 8.5% plus 3%) / 365

207.92

Electronic Default Reporting (EDR)

- Informs Freddie Mac of loans that were 30 days or more delinquent, in foreclosure, or in bankruptcy.
- If all of your loans are current, you must report “No Activity to Report.”
- EDR information is due by 7:00 p.m. Eastern Time the third business day of the month.



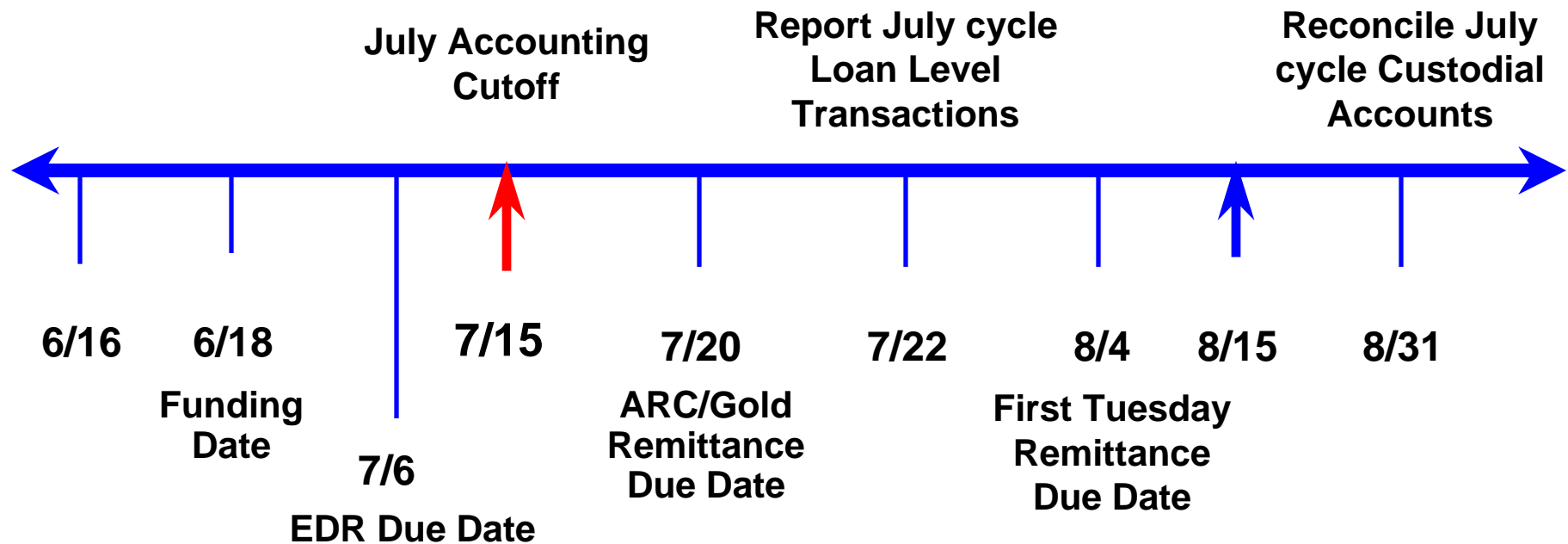
Custodial Accounts

- Freddie Mac requires you to:
 - ✓ Reconcile your P&I and Escrow custodial accounts monthly within 45 days of the accounting cutoff.
 - ✓ Fund all variances within 90 days of the accounting cutoff even if the cause of the variance is not identified.
- We conduct desk top audits to ensure you are meeting our requirements on a random basis.

The Servicer Performance Profile

- A confidential report that we send you on a monthly basis to provide detailed information on how well you are doing relative to our servicing guidelines, requirements, criteria, and standards.
- Designed to help you monitor Servicer performance and reduce the cost of servicing.
- Based on a rolling three months and will be available to you in the first week of the second calendar month following the accounting cutoff.

Investor Accounting Responsibilities for the July Accounting Cycle





Important Reminders

- Investor Accounting involves three main activities:
 - ✓ Reporting loan data
 - ✓ Remitting cash
 - ✓ Reconciling the custodial accounts
- Monthly processing:
 - ✓ Reporting is due within 5 business days of the accounting cutoff.
 - ✓ Remitting is due according to the remittance option selected.
- Interim processing:
 - ✓ Reporting is due within 2 business days of receipt of funds for prepaid and matured payoffs.
 - ✓ Remitting of proceeds is due within 5 business days of the exception date/receipt of funds.



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.



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