

When you service loans for Freddie Mac, you will perform the following investor accounting activities:

- Report principal and interest collection activity for each mortgage on a monthly basis.
- Remit funds due to Freddie Mac.
- Resolve reporting and remitting discrepancies.
- Reconcile your Freddie Mac custodial accounts.

This quick reference highlights information you need to know as you get started with your investor accounting activities for your Freddie Mac portfolio.

Please note that this quick reference does not reflect all of the investor reporting requirements that you must adhere to when servicing mortgages for Freddie Mac. For additional information about Investor Accounting, refer to *Single-Family Seller/Servicer Guide* (Guide) Chapters 8301 through 8303.

When You Sell a Mortgage to Freddie Mac

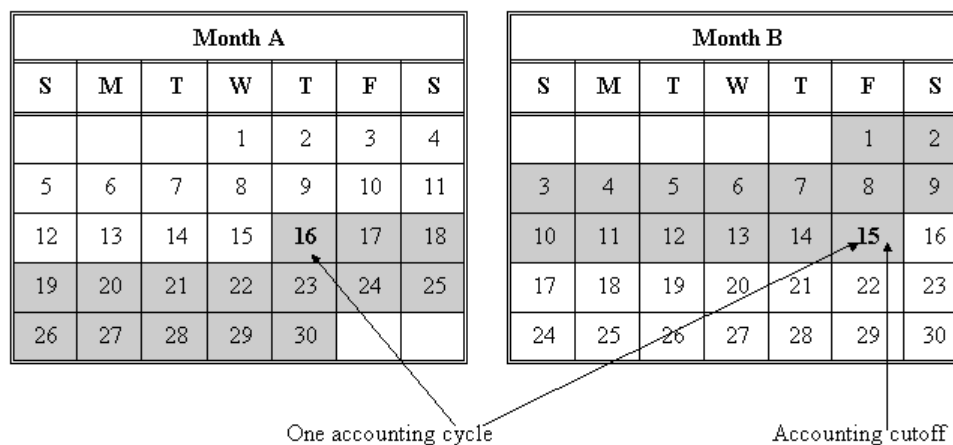
After you sell a mortgage to Freddie Mac, we refer to it as a *new funding* or a *newly funded mortgage*. Once Freddie Mac successfully processes the purchase transaction, you will receive funding documentation and either cash or a PC. You may retrieve the *Funding Detail* report via the Service Loans application or selling system, and the *Loan Purchase Statement* via the selling system.

Use the *Funding Detail* report to set-up the loan on your investor reporting system. The *Funding Detail* report provides all of the information you need to set up the mortgage with Freddie Mac as the investor.

The *Purchase Statement* summarizes the total sale. For each sale you receive one or more *Purchase Statement(s)*.

The Accounting Cycle

Freddie Mac's accounting cycle is a one-month period that begins on the 16th of each month and ends at the close of business on the 15th of the following month, or the previous business day if the 15th falls on a non-business day. The last day of the accounting cycle is the accounting cycle cutoff.



Accounting Methods

The amount of principal and interest you report and remit for your mortgage activity is determined by the contract-specified accounting method selected at the time the mortgage was sold to us. The following table highlights the four types of accounting methods.

Accounting Method	Description
Net Yield	<p>With the net yield accounting method, you will</p> <ul style="list-style-type: none"> ▪ Calculate interest based on the beginning unpaid principal balance (BUPB) and the accounting net yield (ANY). The ANY equals the note rate less the servicing fee. ▪ Report and remit one month's interest regardless of what you receive from the borrower. ▪ Report and remit the actual principal collected from the borrower during the accounting cycle. <p>Most mortgages sold to Freddie Mac use the net yield accounting method.</p>
Alternate	<p>With the alternate accounting method, you will</p> <ul style="list-style-type: none"> ▪ Calculate interest based on the beginning unpaid principal balance (BUPB) and the accounting net yield (ANY). The ANY equals the note rate less the servicing fee. ▪ Report and remit the interest only if you receive it from the borrower. ▪ Report and remit the actual principal collected from the borrower during the accounting cycle. <p>Freddie Mac will allow you to use the alternate method of accounting only if one of the following conditions exists:</p> <ul style="list-style-type: none"> ▪ Applicable law prohibits the use of the net yield method. ▪ You have accepted a partial reinstatement on a mortgage and opted to report under the alternate method. ▪ Freddie Mac has instructed you to use the alternate method. <p>For additional information, see Guide Section 8301.8.</p>
Scheduled/Scheduled Guaranteed Timely Principal and Interest	<p>With the scheduled/scheduled accounting method, and guaranteed timely principal and interest, you will</p> <ul style="list-style-type: none"> ▪ Calculate interest in arrears based on the beginning unpaid principal balance (BUPB) and the accounting net yield (ANY). The ANY equals the note rate less the servicing fee. ▪ Report and remit the scheduled interest and principal. Report curtailments in the cycle in which they occur. Remit curtailments for timely P&I loans in they cycle they occur. Remit curtailments for Super ARC loans one month after they occur.

Reporting and Remitting to Freddie Mac

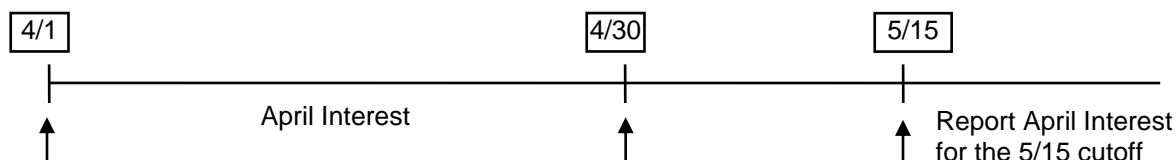
The reporting and remitting process is comprised of monthly and interim processing.

Monthly processing refers to all loan-level transactions except liquidations (payoffs and third-party foreclosure sales). You will report your monthly loan-level transactions within five business days after the accounting cutoff. Remit monthly transactions based on the remittance option you select when you sell a loan to Freddie Mac.

Interim processing is event-driven reporting and remitting that is completed throughout the month in response to certain mortgage activities, such as payoffs and third-party foreclosure sales. Remittances for interim processing are due to Freddie Mac within five business days of the exception date or receipt of funds date.

Reporting Loan-Level Transactions

- Report one loan-level transaction for every loan, each month. All activity is summarized in one transaction.
- When reporting, be sure to mark a revision to a previously reported loan-level transaction as a correction. If the loan-level transaction is not marked as a correction, it is possible that your intended data will not be processed.
- Report corrections to previously reported loan-level transactions four days prior to the end of the month (EOM – 4). Reporting corrections by EOM – 4 ensures that the corrections you report are applied to the appropriate accounting cycle.
- Freddie Mac ties to the current cycle's ending gross unpaid principal balance (UPB) you report. Verify that you are reporting the correct amount of principal reduction by subtracting the current cycle's ending gross UPB from the beginning gross UPB. If the ending gross UPB increases from the previous cycle, report the transaction using exception code 80, principal balance correction.
- Monthly interest is always due in arrears. For example, for the May cycle (5/15 cutoff), you will report the interest you collected for April.



- Ensure that you have designated and trained a back-up person to report and remit funds for investor accounting activity to Freddie Mac.

Payoffs

- Report prepaid and mature payoffs by the second business day after the payoff date.
- The principal due reported for a payoff should equal the current cycle's beginning gross UPB.
- There are two remitting due dates for payoffs:
 - Payoff proceeds (principal due and exception interest) are due by the fifth business day after the payoff date. Therefore, you must complete your remittance call-in by 9:00 p.m. Eastern time on the fourth business day after the payoff date.
 - Monthly interest is due based on the mortgage's contract-specified remittance due date.

Investor Accounting Reports

Freddie Mac provides you with monthly and daily reports to help you manage your investor accounting activities.

Monthly Reports

Monthly Report	Description
<p><i>Monthly Account Statement</i></p>	<p>The <i>Monthly Account Statement</i> identifies the following for the accounting cycle:</p> <ul style="list-style-type: none"> ▪ Beginning and ending amounts due to us ▪ The total amount due for each transaction type ▪ Total remittances you made to us during the accounting cycle ▪ Adjustments we made to your account including other billings <p>The <i>Monthly Account Statement</i> is available via the Service Loans application at the end of the month after we close our books and process a loan-level transaction for every mortgage you service for us.</p> <p>Print and review the <i>Monthly Account Statement</i> each month. Reconcile your principal and interest (P&I) custodial account to the ending balance on the <i>Monthly Account Statement</i>.</p>
<p><i>Detailed Adjustment Report</i></p>	<p>The <i>Detailed Adjustment</i> report lists adjustments we make for RTC minority principal, interest billings, Servicemembers Civil Relief Act (SCRA) adjustments, fees and other billings.</p> <p>The <i>Detailed Adjustment</i> report is available to you via the Service Loans application at the end of the month after we process a transaction for every mortgage you service for Freddie Mac.</p>
<p><i>Loan Reconciliation Difference Report</i></p>	<p>The <i>Loan Reconciliation Difference</i> report summarizes every transaction our system did not immediately accept during the cycle due to a reporting discrepancy or simulation of a transaction. This report identifies</p> <ul style="list-style-type: none"> ▪ Transactions that Freddie Mac adjusted because we did not receive a revised transaction or your revised transaction was not accepted ▪ Mortgages where you transmitted more than one transaction or a revised transaction, and we accepted one of the transactions ▪ Loan numbers you reported that our system did not recognize as valid ▪ Loan numbers that our systems show belong to a different Servicer number <p>The <i>Loan Reconciliation Difference</i> report is available via the Service Loans application at the end of the month after we process a transaction for every mortgage you service for us.</p> <p>Print and review the <i>Loan Reconciliation Difference</i> report each month. Use this report to correct your system so the edit does not occur again, and to identify adjustments that you may need to make to your GPI remittance or P&I custodial account.</p>

Monthly Report	Description
<p><i>Seller/Servicer Remittance Analysis</i></p>	<p>The <i>Seller/Servicer Remittance Analysis</i> is a summary report Freddie Mac provides that can help you manage and monitor your remittance process. The report summarizes the following:</p> <ul style="list-style-type: none"> ▪ Daily remittances via Global Payments, Inc. (GPI) and the dates your remittances are available to us ▪ Total amounts due based on what we process for your loan-level transactions and any adjustments ▪ Beginning and ending cumulative balances, and your cumulative overage/shortage balance <p>A final <i>Seller/Servicer Remittance Analysis</i> is available via the Service Loans application the first week in the calendar month following the accounting cutoff.</p>

Daily Reports

Daily Report	Description
<p><i>Loan-Level Missing</i></p>	<p>The <i>Loan-Level Missing</i> report lists mortgages you did not report to us this accounting cycle and mortgages with unresolved edits on the <i>Edits To Be Cleared</i> report. Once our system accepts a transaction for a mortgage, it drops off the report.</p> <p>“Zero (0) loans missing” message appears when a transaction has been processed for every loan in your portfolio.</p> <p>The <i>Loan-Level Missing</i> report is available via the Service Loans application.</p>
<p><i>Edits to be Cleared</i></p>	<p>The <i>Edits to be Cleared</i> report lists transactions with edits our system cannot resolve. Once our system accepts a transaction for a mortgage, it drops off the report, except for the following:</p> <ul style="list-style-type: none"> ▪ 101 Invalid Freddie Mac loan number—stays on the <i>Edits to be Cleared</i> report until our system has closed for the cycle ▪ 303 Partial Duplicate/Possible Correction—appears on the <i>Edits to be Cleared</i> report the following business day only <p>The <i>Edits to be Cleared</i> report is available via the Service Loans application.</p> <p>Print and review the <i>Edits to be Cleared</i> report daily. This report identifies loan-level transactions reported with edits that Freddie Mac’s system cannot resolve.</p> <ul style="list-style-type: none"> ▪ Take immediate action to resolve the edits and transmit revisions to Freddie Mac. However, do not send a correction for 101e errors. A 101e edit indicates an invalid loan number or a loan that has been closed in Freddie Mac’s system. If the 101e is a valid transaction, retransmit the loan using the correct loan number. ▪ Determine if you need to adjust a remittance due to a reporting error. <p>The “No data in error” message appears when you have no transactions for this report.</p>

Daily Report	Description
<p><i>System Cleared Edits</i></p>	<p>The <i>System Cleared Edits</i> report Lists transactions with edits our system was able to resolve and process. Our system will</p> <ul style="list-style-type: none"> ▪ Calculate the expected interest for the transaction based on the action code, beginning UPB and ANY. ▪ Change the principal due and/or interest due reported for non-exception transactions to match what we expect if the difference is less than or equal to +/- \$1,000. ▪ Change the principal due and/or interest due reported for exceptions if the difference is less than or equal to +/- \$5.00. <p>The <i>System Cleared Edits</i> report is available via the Service Loans application.</p> <p>Print and review the <i>System Cleared Edits</i> report daily.</p> <ul style="list-style-type: none"> ▪ Send revisions to correct edits, as necessary. ▪ Determine if you need to adjust a remittance due to a reporting error. <p>The “No data in error” message appears when you have no transactions for this report.</p>

Resolving Loan-Level Edits

Freddie Mac uses edit and warning codes to identify discrepancies that occur when you report investor accounting activity to us. Each discrepancy (or edit) is listed on our daily edit reports with an edit code that identifies and explains the discrepancy. We expect you to resolve the edits listed on your daily edit reports and ensure that you have given us accurate information. For a complete listing of loan-level edit and warning codes, and information on how to resolve them, refer to our quick reference guide, *Resolving Loan-Level Edits*.

Remitting Funds to Freddie Mac

Remitting is the process of sending funds to Freddie Mac for the loan-level transactions that Freddie Mac has processed.

- Remit funds through our service bureau, Global Payments Inc. (GPI).
- You may access GPI from a touch-tone phone or online via the Service Loans application.
- Reporting and remitting are separate functions. Remit funds on time even if you are having difficulty reporting the transaction.
- Complete your remittance no later than 9:00 p.m. Eastern time, the business day prior to the remittance due date. The funds are drafted from your account the business day after you complete your call-in to GPI.
- You determine the amount drafted from your bank account. Freddie Mac drafts only the amount you remit through GPI. Always retain the verification code for your records.
- Refer to Freddie Mac’s Due Date Calendar for Monthly Reporting and Remitting to determine when funds are due to us.
- Create and maintain a log of the remittances you make. Include the following:
 - Date, time, and amount of each remittance
 - Type (payoff or non-payoff)
 - Four-digit verification code

Your Freddie Mac Servicer Success Scorecard

The Servicer Success Scorecard is a confidential monthly performance review for all Servicers. It measures your performance based on key criteria in the default management and investor reporting categories. Your Scorecard is available to you on the last business day of each month.

How to Access

You can access your Scorecard electronically on FreddieMac.com. The latest Scorecard information becomes available by the last business day of each month.

Investor Reporting Criteria

The following table identifies the Investor Reporting criteria and steps you can take to maximize your performance.

Criteria	How to Maximize Your Performance
Cash Shortage	Monitor your cash position daily to avoid any cash shortages.
Aged Edits Past 30+ Days	Review the <i>Edits to be Cleared</i> and <i>System Cleared Edits</i> reports one business day after you report your monthly accounting transactions to Freddie Mac. Research any errors immediately. If you determine the error is the result of a discrepancy in your system, make the appropriate corrections to avoid edits in future cycles. If the error is due to a discrepancy in Freddie Mac's system, contact your Freddie Mac representative to discuss the correction process.
Average Number of Days to Report Payoffs	Report your payoff activity to Freddie Mac prior to the second business day after the payoff date or receipt of funds date.

When You Need Assistance

Contact Customer Support at 800-FREDDIE for the following:

- General questions about reporting requirements
- Technical support

Contact your Freddie Mac representative with specific loan-level questions.

This document is not a replacement or substitute for the information found in the Freddie Mac *Single-Family Seller/Servicer Guide* and/or terms of your Master Agreement and/or other Pricing Identifier Terms.

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