

# Investor Reporting Change Initiative: Freddie Mac Business Requirements

Updated: January 2017

**LEGAL DISCLAIMER:** The business requirements below constitute Purchase Documents and provide our binding requirements as the steps for implementing the Freddie Mac Investor Reporting Change Initiative in 2018. Freddie Mac reserves the right to change these requirements and will notify Seller/Serviceicers of any such changes. Freddie Mac will periodically update the *Single-Family Seller/Serviceicer Guide (Guide)* prior to the implementation date to include many of the requirements listed here. In the event of an inconsistency between any information found here and in the Guide provisions, the information in the Guide shall supersede this publication.

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## Revision History

This log is updated each time the Business Requirements are updated during the life-cycle of the project. The log identifies the version number, the date the revisions were completed, and a brief description of the changes.

| <b>Version No.</b> | <b>Date</b>  | <b>Description</b>  |
|--------------------|--------------|---|
| 1.0                | October 2016 | Initial Version   |
| 2.0                | January 2017 | Requirements updated to provide further clarification based on Servicer feedback. All updates to this document are shown in blue font.<br>Refer to Appendix C for details on substantive changes. |

## I. INTRODUCTION

### A. Project Description

The Investor Reporting Change Initiative will convert our Single-Family investor reporting requirements to be closer to an industry standard and update our remittance cycles in October 2018. The initiative will also help support the disclosure and buyout requirements of the upcoming Single Security.

Primary changes include:

- i. **Investor Reporting Cycle (“Cycle”)**: Calendar month investor reporting cycle (1<sup>st</sup> of the month to End of Month (“EOM”) instead of the 16<sup>th</sup> to the 15<sup>th</sup>).
- ii. **Investor Reporting**: Enable daily loan-level reporting and revisions.
- iii. **Loan Modifications**: Loan modifications will be processed daily (today, loan modifications are processed two business days prior to the accounting cutoff).
- iv. **Remittance Method (P&I and Payoff)**: Freddie Mac will initiate drafting directly from the Servicer’s accounts on a designated date.
- v. **Remittance Type**: Freddie Mac will convert to a single remittance type for principal and interest on all loans (excluding payoffs).
- vi. **DDLPI reporting**: Loan Level Reporting DDLPI will be the source of record for determining loan status and delinquency.

By making these changes, we’re providing:

- i. Simpler and more flexible investor reporting processes.
- ii. Greater operational efficiencies for Servicers.
- iii. Increased data transparency and actionable feedback for Servicers.

## II. SERVICING

### A. Loan Level Reporting

#### i. Process Description

Servicers submit information to Freddie Mac based on the activity (or inactivity) for each loan in their portfolio. Servicers must report, at minimum, one loan-level transaction for every Freddie Mac loan in their portfolio by the P&I Determination Date regardless of activity/inactivity.

#### ii. Summary

- a. The Cycle will be converted from a one-month period that begins on the 16<sup>th</sup> of each month and ends on the 15<sup>th</sup> of the following month (16<sup>th</sup> – 15<sup>th</sup>), to a one-month period that begins on the first and ends on the last day of each month (1<sup>st</sup> – EOM).
- b. Servicers will be able to report payment activity on a daily basis (Servicers are not required, but strongly encouraged, to report daily).
- c. Each month, Servicers must provide Loan Level Reporting for every loan, on or by the P&I Determination Date (15<sup>th</sup> calendar day of the month).
- d. The P&I Determination Date will be set to the following Business Day if the 15<sup>th</sup> falls on a weekend or a holiday.
- e. Any changes to loan level activity reported in the current cycle can be submitted throughout the month, but no later than EOM + 1 Business Day.
- f. Freddie Mac will update existing reports to reflect new Cycle changes.
- g. Freddie Mac will simulate loan level activity if the Servicer does not successfully report as of EOM+1 Business Day.
- h. Servicers are required to report the next Cycle scheduled interest in Loan Level Reporting (refer to Details below for more information).

#### iii. Details

##### a. Daily Reporting of Loan Level Activity on a Current Loan

- i. The Loan Level Reporting file will reflect the payment activity for the corresponding Cycle.
- ii. Daily reporting for the current Cycle will be accepted for all transactions from the 1<sup>st</sup> to EOM+1 Business Day.

##### b. Revisions

- i. Revisions for the current Cycle will be accepted up to the 1<sup>st</sup> Business Day of the following month.
- ii. A revision indicator (labeled as a correction indicator in the Service Loans application) will no longer be required on revised transactions.
- iii. In the current cycle, any successful transaction followed by a failed revision will cause the successful transaction to be deleted.
- iv. If a revision fails after a successful transaction, the previous Cycle's ending UPB and DDLPI will be used to simulate the loan at EOM + 1 Business Day.
- v. All revisions will include cumulative Cycle activity for the loan.

**c. Scheduled Interest**

- i. Scheduled interest will be calculated based on the current Cycle ending UPB.
- ii. Current Cycle reported principal should be applied to determine current Cycle ending UPB.
- iii. Scheduled interest for the next Cycle, reported by Servicer in the current Cycle will be calculated as:
  - a.  $\text{Current Cycle ending UPB} \times \text{ANY}/12$ .
- iv. An edit will be generated if the reported interest in the current Cycle is not the Freddie Mac expected interest for the next Cycle. For a newly funded loan, the Servicer is expected to report scheduled interest for the next Cycle.

**d. Mortgage P&I**

- i. The reported "Mortgage P&I" in the Loan Level Reporting record will be validated against the Freddie Mac expected P&I constant.
- ii. A new fatal edit will be generated if the reported Mortgage P&I fails the validation against Freddie Mac expected P&I constant.

**e. DDLPI Movement**

- i. The reported principal payment will be validated against the Freddie Mac expected principal payment amount and DDLPI movement.
- ii. A new fatal edit will be generated if the reported principal payment is less than the Freddie Mac expected principal payment.

**f. Duplicates within the same file**

- i. If there are duplicate loans in the same import file, a new fatal edit will be generated for that loan (the other loans within the file will continue to be processed).

## **B. Adjustable Rate Mortgage (ARM) and Step Rates**

### **i. Process Description**

- a. ARM loans are subject to periodic Note Rate adjustments based on the value of an Index at a specified time, as set forth in the Note. The time interval for establishing the Index value is referred to as the Lookback Period.
- b. A Step Rate Mortgage is a modified mortgage that has scheduled interest rate changes.

### **ii. Summary**

- a. DDLPI movement will be validated against payment activity for ARM loans until the next Payment Effective Date.
- b. DDLPI movement will be validated against payment activity for Step Rate loans.
- c. Reporting prepayments for ARM loans will not be allowed past the next ARM Rate Effective Date.

### **iii. Details - ARM Loans**

- a. The Servicer should report the new adjusted Mortgage P&I and the new adjusted Note Rate in the Cycle of the ARM Payment Effective Date.
- b. In the month of the ARM Rate Effective Date, the Servicer will report the scheduled interest for the next Cycle based on the new rate.
- c. Reports:
  - i. The existing ARM report in [Service Loans application](#) will include the Servicing Spread (not the contract minimum).
  - ii. The existing ARM report in [Service Loans application](#) will include monthly ARM loans.

### **iv. Details - Step Rate**

- a. The Servicer should report the new adjusted Mortgage P&I and the new adjusted Note Rate in the month of the Step Rate Payment Effective Date.
- b. In the month of the Step Rate Interest Effective Date, Servicer will report scheduled interest for the next Cycle based on the new step rate.
- c. Reports - All future step rate schedule information will be available in Service Loans application.

**C. Initial Interest Mortgages (Interest-Only (IO) loans)**

**i. Process Description**

The Interest Only Period is the period for which the monthly payments consist entirely of interest. The Interest Only Period begins on the date of the first monthly (interest only) payment stated in the Initial Interest Note and ends on the last day of the month before the First Amortizing Payment Date.

**ii. Summary**

During the Interest Only Period, an edit will be generated if the Servicer-reported interest in the current Cycle is not the Freddie Mac expected interest for the next Cycle. The Servicer is expected to report scheduled interest for the next Cycle.

Freddie Mac will begin validating the Servicer reported P&I constant in the month of the Interest Only Conversion Date.

## **D. Prepayments**

### **i. Process Description**

Prepayment occurs when payment is made for a future Cycle(s) on a current loan. A delinquent loan must be brought current before a prepayment can be applied.

### **ii. Summary**

A new fatal edit will be generated if the reported DDLPI does not correlate to the reported payment activity.

The Servicer will report the next Cycle scheduled interest amount based on the ending UPB after the prepayment principal is applied.

### **iii. Details**

#### **a. Prepayment and a Curtailment reported in the same Cycle**

- i. If a curtailment and a prepayment are collected from the borrower in the same Cycle, Freddie Mac will process the prepayment prior to applying any residual principal as a curtailment to the current Cycle ending UPB.

**NOTE:** Refer to Curtailment Section E for details on Curtailment.

## **E. Curtailments**

### **i. Process Description**

A curtailment is an unscheduled principal payment.

### **ii. Summary**

- a. Curtailments will not be applied to delinquent loans.
- b. Curtailments accompanied by a Recast will be identified with a new exception code.

### **iii. Details**

#### **a. A curtailment will be identified by the following:**

- i. Principal amount reported exceeds the expected monthly principal payment due.
- ii. The DDLPI reported is for the current month (or future in the case of a curtailment with a prepayment).

#### **b. Curtailment with Recast**

- i. A curtailment accompanied by a Recast will be identified by the following:
  - a. The Servicer reports a new Recast exception code **91** in the Cycle where the Mortgage P&I changes.
  - b. The reported "Mortgage P&I" in the Loan Level Reporting record is less than the previously reported P&I constant.
- ii. If a Recast exception code **91** is reported, but the Servicer reports a P&I constant that is equal to or greater than the prior Cycle P&I constant, a fatal edit will be generated.

#### **c. Report**

A daily report will be made available ([in Service Loans application](#)) that includes loans where the P&I constant has changed during the Cycle due to a Recast. (This report will be cumulative during the Cycle).

#### **d. Borrower Incentive Curtailment**

A reported borrower incentive curtailment (for HAMP mods) payment or reversal will be applied to the unpaid principal balance to calculate the scheduled interest for the next Cycle.

## F. Delinquency Reporting

### i. Process Description

Servicers will continue to report the DDLPI via Loan Level Reporting. Electronic Delinquency Reporting (EDR) will not change as a result of this initiative.

### ii. Summary

- a. The DDLPI in the Loan Level Reporting System will be the source of record for determining delinquency.
- b. The DDLPI in the Loan Level Reporting System will be validated against payment activity reported.
- c. A loan must be in the fourth Cycle of delinquency to be inactivated.
- d. Inactivation in Loan Level Reporting will no longer depend on reporting of a 'Referral to Foreclosure' (EDR action code 43).
- e. The Servicer may continue to report DDLPI in EDR, but Freddie Mac will not use the DDLPI reported in EDR.
- f. EDR action code 20 ("Reinstatement") is only required in EDR to reinstate a loan from foreclosure status. Reactivation of the loan will not be dependent upon this report.

### iii. Details

#### a. Inactivation

- i. [Loan Level Reporting of exception](#) code 40 for inactivation will be accepted if the loan is in the fourth Cycle of delinquency.
- ii. A new fatal edit will be generated if the Servicer reports an [exception](#) code 40 in Loan Level Reporting and the loan is not in the fourth Cycle of delinquency.
- iii. In the month of inactivation, the Servicer should not report scheduled interest.

*Example:*

*DDLPI = 1/1*

*Inactivation = May 2016*

*Current Cycle = May (fourth Cycle of delinquency).*

*The last interest payment will be drafted in the May Cycle (reported in April). There will be no scheduled interest for the June Cycle reported in May.*

- iv. A new fatal edit will be generated if scheduled interest is reported in the month of inactivation. [If the edit is not cleared by EOM+1 Business Day, Freddie Mac will inactivate the loan.](#)

## **G. Partial Reinstatement**

### **i. Process Description**

A partial reinstatement occurs when the borrower makes a payment on an Inactivate loan, but does not bring the loan current. At minimum, a partial reinstatement must be equal to one full monthly payment.

### **ii. Summary**

- a. The Servicer will have the ability to report and remit payments equivalent to (at least) one-month principal and delinquent interest for an inactive loan without bringing the loan current.
- b. Inactivation date will not move with a partial reinstatement.
- c. EDR action code 20 in Delinquency Reporting System is not required for a partial reinstatement.
- d. Scheduled interest for the next Cycle is not expected for a partial reinstatement. [Delinquent interest is calculated on a static balance using beginning UPB.](#)
- e. A loan will remain inactive until it is brought current, regardless of the number of delinquent payments received.
- f. Partial reinstatement for a loan in foreclosure will be allowed.
- g. The reported delinquent interest will be drafted in the month following the partial reinstatement.

### **iii. Details**

- a. Interest payment for partial reinstatement: Since interest has already been advanced up to the inactivation date, Servicers are only required to report interest if the partial reinstatement moves the DDLPI beyond the inactivation date.
  - i. A new fatal edit will be generated if the Servicer reports any interest that has already been advanced up to the inactivation date.
  - ii. A new fatal edit will be generated if the interest reported does not match the Freddie Mac expected value.

## H. Full Reinstatement

### i. Process Description

Reinstatement is when the borrower brings an inactive mortgage current.

### ii. Summary

- a. At the time of reinstatement, payment activity will be validated against the reported DDLPI.
- b. EDR action code 20 in Delinquency Reporting System is no longer needed to reinstate a loan.
- c. Servicers are **encouraged but** not required to send a Loan Level Reporting **exception** code 50 to reinstate a loan.
- d. For a full reinstatement, Servicer reports all delinquent interest after inactivation and scheduled interest for the next Cycle. **Delinquent interest is calculated using the beginning UPB and scheduled interest is calculated using the ending UPB.**
- e. Drafting: The reported interest (delinquent and scheduled) will be drafted in the month following the reinstatement.

## I. **Negative Principal Reduction/ Balance Correction**

### i. **Process Description**

A transaction where the current ending UPB is higher than the prior Cycle ending UPB.

### ii. **Summary**

The Servicer will continue to report Loan Level Reporting exception code 80 when reporting negative principal reduction.

### iii. **Details**

The DDLPI movement will be validated with all negative principal reduction transactions associated with payment reversals.

Any additional negative principal reduction above the payment reversal will be considered a curtailment reversal.

**NOTE:** Servicer will continue to provide [Freddie Mac with](#) the reasons for the negative principal reduction.

a. The curtailment reversal amount is defined as the total negative principal reported minus the expected principal for the DDLPI movement. The DDLPI movement edit will apply for negative principal reduction transactions.

i. If the curtailment reversal amount is under \$3000, then Freddie Mac will accept the transaction.

Example - Current Cycle is August and the loan is current, negative principal reduction reported is (\$1,000) and DDLPI is 6/1, expected monthly principal is (\$200). Freddie Mac is expecting (\$400) to move the DDLPI from 8/1 to 6/1. (\$600) is the curtailment reversal amount.

b. If the curtailment reversal amount is greater than or equal to \$3000, then Freddie Mac will accept the reported transaction and generate a warning message to the Servicer. Servicer will still be required to provide supporting documentation for the negative principal reduction.

Example - Current Cycle is August and the loan is current, negative principal reduction reported is (\$6,000) and DDLPI is 6/1, expected monthly principal is (\$200), Freddie Mac is expecting (\$400) to move the DDLPI from 8/1 to 6/1. (\$5,600) is the curtailment reversal amount. This transaction will be accepted with a warning.

a. **Negative principal reduction on an inactive loan that has a prior partial reinstatement**

i. If a negative principal reduction ([exception](#) code 80) is reported on an inactive loan where the prior cycle DDLPI is after the inactivation cycle, interest adjustment will be calculated from prior cycle DDLPI to the DDLPI provided in the negative principal reduction transaction. Interest reimbursement will be only up to the inactivation cycle.

ii. The Servicer-reported negative interest amount in the negative principal reduction transaction will be validated to check if it is equal to the expected interest adjustment. The Servicer will report negative interest that aligns with the reverse movement of the DDLPI. If the negative interest reported does not support the reported DDLPI movement, a new fatal edit will be generated.

iii. The Servicer will report negative principal reduction that aligns with the reverse movement of the DDLPI. If the negative principal reported does not support the reported DDLPI movement, a new fatal edit will be generated.

### b. **Report**

A report ([in Service Loans application](#)) will be provided that identifies all negative principal transactions that require additional documentation.

## J. Loan Modifications

### i. Process Description

A loan modification is an agreement with the borrower that permanently changes one or more of the original terms of the Note.

### ii. Summary

- a. Freddie Mac will settle loan modifications daily.
- b. Servicers will be able to send the next Cycle scheduled interest on modified loans in the same month as the loan modification settlement.

### iii. Details

- a. When Freddie Mac notifies the Servicer through the Loan Modification Processed Report that the modification has settled, the DDLPI will be set to the modification interest rate change date.
- b. If a contractual trial period payment is received in the same month of the Freddie Mac settlement of a loan (current Cycle) and the pre-modification UPB is equal to the current Cycle UPB, the trial period payment will be applied as a Miscellaneous Principal (MISP) adjustment.
- c. If the modification is settled by Freddie Mac in the current Cycle with a first modified payment due date of the following month, Freddie Mac will accept the reporting of the next months scheduled interest on the modified loan in the current month. **Prepayments will also be accepted if the first modified payment due date is in the next Cycle.**

**NOTE:** While reporting the next month's scheduled interest after the modification settles, the post-mod note rate and post-mod P&I constant should be reported as of the modification interest rate change date instead of the first modified payment due date.

- d. If a modification is settled during the current Cycle with a first modified payment due date in the current Cycle, the Servicer will report the newly modified terms within the same Cycle.
- e. If the modification interest change date is in the past Cycle and the loan is inactive, the loan will remain inactive after the Modification.

A full reinstatement process will be needed with Servicer reporting corresponding payment and DDLPI movement to reinstate the loan. Reporting of Loan Level Reporting **exception** code 50 will be optional.

- f. If a modification settles after the P&I Determination Date with a first modified payment due date in the current Cycle or prior, Freddie Mac will simulate the modified loan data if the Servicer does not report them prior to the Cycle cutoff.

**NOTE:** The simulation compensatory fee will not apply in this instance if the Servicer does not send a revision with the modified loan terms prior to EOM+1 Business Day.)

- g. Adjustments to the draft of funds will be reflected as shown below:
  - i. Loan Modification Capitalized Interest, Miscellaneous Principal, Miscellaneous Interest, Reinstatement Interest adjustments (if applicable) will be an adjustment in the month of settlement if the modification settles on or before P&I Determination Date.
  - ii. Loan Modification Capitalized Interest, Miscellaneous Principal, Miscellaneous Interest, Reinstatement Interest adjustments (if applicable) will be an adjustment in the month after settlement if the modification settles after P&I Determination Date.

## **K. Loan Payoff**

### **i. Process Description**

A payoff on a matured loan occurs when the last **scheduled** payment **is** due on the maturity date of the Note.

A prepaid loan payoff occurs when the borrower pays off the mortgage prior to its maturity date.

### **ii. Summary**

- a. The Cycle for a payoff will be based on the calendar month in which the payoff occurs. Payoff reversals will only be accepted in the same cycle in which they were reported.
- b. Freddie Mac will draft payoff amounts based on the payoff remittance option.
- c. Exception interest will be due up to, but not including, the Payoff Date.

### **iii. Details**

- a. In the Cycle that the payoff is reported, only exception interest needs to be reported.
- b. For a payoff reported as required by the Guide, the payoff amount (remaining balance plus exception interest) will be drafted on the fifth Business Day after the Payoff Date.
- c. For a late-reported payoff, the payoff amount will be drafted on the second Business Day after the payoff transaction is successfully processed. (This includes PARC & Flex loans).
- d. PARC & Flex loans will be drafted on the negotiated PARC/FLEX days after the Payoff Date (where applicable).
- e. On a Flex loan, a full month of exception interest will continue to be generated in the month of payoff **and the compensating interest will continue to post on the 5<sup>th</sup> Business Day of the following cycle.**
- f. Freddie Mac will provide the finalized Draft Report two Business Days prior to the payoff draft date.

## **L. Short Sales/Charge-offs**

### **i. Process Description**

A short sale payoff is the sale of the mortgaged premises for less than the total amount necessary to pay off the loan in full.

### **ii. Summary**

- a. The Servicer will report a short sale payoff **or** a charge-off with the new Loan Level Reporting exception code **67**.
- b. Freddie Mac will post the full payoff amount due and offset the draft amount by the charge off adjustment as long as the short sale is settled by the payoff determination date, as described below.
- c. Short sale payoff amount will be drafted on the 5<sup>th</sup> Business Day after the Payoff Date.
- d. Adjustments to the draft will be reflected as shown below:
  - i. Charge-off adjustment, found in the Detail Adjustment Report (DAR), will be an adjustment processed on the same date as the payoff draft if the short sale settles on or before Payoff Determination Date.
  - ii. Charge-off (DAR) adjustments will be processed on the 2<sup>nd</sup> Business Day after the **Freddie Mac** settlement date, if the short sale settles after Payoff Determination Date.
- e. Freddie Mac will generate a report in Service Loans application to identify short sales, **charge-offs and third-party sales** that have been reported in Loan Level Reporting but not settled with Freddie Mac.

## **M. Foreclosure Sales – Third-Party Foreclosure Sales, FHA/VA Third-Party Sale, and REO**

### **i. Process Description**

A third-party foreclosure sale occurs when a third-party purchases the property at foreclosure sale.

**NOTE:** Third-party foreclosure sales (Loan Level Reporting exception code 71) and FHA/VA Third-Party foreclosure sale (Loan Level Reporting exception code 73) are separate transactions but the same requirements apply.

### **ii. Summary**

After the foreclosure sale is reported in Default Workout Reporting (DWR), DDLPI cannot advance from the prior month.

### **iii. Details**

#### **a. Third Party Sale including FHA/VA Third Party Sale**

- i. The third-party foreclosure sales payoff amount will be drafted on the 5<sup>th</sup> Business Day after the reported transaction is successfully processed in Loan Level Reporting.
- ii. Delinquent interest and exception interest will be drafted on the same day as the TPS payoff draft.
- iii. Adjustments to the draft will be reflected as shown below:
  - a. Charge-off (Detailed Adjustment Report (DAR)) adjustments will be processed on the same date as the payoff draft if the Third Party Sale settles on or before Payoff Determination Date.
  - b. Charge-off (DAR) adjustments will be processed on the 2<sup>nd</sup> Business Day after the [Freddie Mac settlement](#) date if the third party foreclosure sale settles after the Payoff Determination Date.

#### **b. REO**

- i. Adjustment for the reimbursement of advanced interest (if applicable) will be netted against the amount [due](#) in the current Cycle if REO is reported prior to the P&I Determination Date, or in the next Cycle if REO is reported after the current Cycle P&I Determination Date.
- ii. For REOs where the DDLPI is prior to, or equal to the inactivation date, the interest reimbursement will be calculated from the last reported DDLPI to the inactivation date.
- iii. For REOs where the DDLPI is after the inactivation date (due to a partial reinstatement), no interest reimbursement is due because the interest was previously reimbursed when the partial reinstatement was processed.

**N. Transfer of Servicing (TOS)**

**i. Process Description**

Transfer of Servicing (TOS) is the transfer of mortgage servicing rights and responsibilities between two Servicers.

**ii. Summary**

- a. Transfers of servicing will be effective on the first calendar day of the month of the transfer (instead of the 16<sup>th</sup>).
- b. Freddie Mac will update the Servicer of record after the prior Cycle ends on the 1<sup>st</sup> Business Day of the following month for any loans that are being transferred.
- c. All payment activity will be drafted from the Servicer that successfully reported the transaction.
- d. A report will be provided to both the Transferor Servicer and the Transferee Servicer to identify the loans within the transfer population that were paid off/[liquidated](#) in the month prior to the TOS effective date.

## O. Drafting

### i. Process Description

Currently, Servicers are required to complete remittance via Global Payments Inc. (GPI). In the future, Freddie Mac will draft remittance amounts directly from Servicer accounts.

### ii. Summary

- a. All drafts will be at an aggregate level based on Servicer-reported activity.
- b. All P&I remittance types will be converted to a single remittance [option](#).
- c. All reported principal and scheduled interest will be drafted monthly.
- d. All payoffs will be drafted daily (see payoff section for more details on drafting timeline).
- e. The P&I Determination Date will be the 15<sup>th</sup> of the month.
  - i. If the 15<sup>th</sup> falls on a weekend or holiday, the P&I Determination Date will be the following Business Day.

**NOTE:** The holiday calendar is based on the Federal Reserve Calendar.

- f. The P&I draft date will be the 2<sup>nd</sup> Business Day after the P&I Determination Date.
- g. Any principal reported after the P&I Determination Date will be drafted in the following month.
- h. The monthly P&I draft will include:
  - i. Scheduled interest due (reported in the prior Cycle).
  - ii. Prior Cycle actual principal reported after the prior Cycle's P&I Determination Date.
  - iii. Actual principal reported for current Cycle through the P&I Determination Date.
  - iv. Payoffs and cash adjustments when applicable.

### iii. Report

A [preliminary](#) draft report will be available daily in Service Loans application [and updated based on daily reporting](#). A final version of the Draft Report for the current Cycle will be available in Service Loans application on the morning after the P&I Determination Date.

#### a. Draft Report ([Service Loans application](#))

- i. The draft report will provide summary and loan-level detail of the amounts due and offsetting adjustments associated with revisions, based on Servicer reporting.

#### b. Draft Report Posting Details

##### i. Principal and Scheduled Interest reported on, or prior to, the P&I Determination Date

- a. If principal and scheduled interest is reported on or prior to the P&I Determination Date, then:
  - i. The principal will post to the drafting date of the current Cycle.
  - ii. The scheduled interest will post to the drafting date for the next Cycle.

##### ii. Principal & Scheduled Interest after the P&I Determination Date

- a. If principal and scheduled interest are reported after the P&I Determination Date, then:
  - i. The principal and scheduled interest amounts will post to the drafting date for the next Cycle.

iii. **Revision to a previously successfully reported Principal and Interest transaction on or prior to the P&I Determination Date**

- a. If a current Cycle principal and interest revision is reported on, or prior to, the P&I Determination Date, then the following will occur:
  - i. An offsetting principal adjustment will post on the same day as the original transaction.
  - ii. An offsetting interest adjustment will post on the same day as the original transaction.

iv. **Revision to a previously successfully reported Principal and Interest transaction after the P&I Determination Date**

- a. If a principal and interest revision is reported after the P&I Determination Date, then an offsetting principal and interest adjustment will post in the next Cycle monthly draft.

v. **Payoff**

- a. If a payoff is reported by the payoff determination date, the payoff transaction will post on the 5<sup>th</sup> Business Day after the payoff date.

vi. **Late reported Payoff**

- a. If a payoff is reported after the payoff determination date, the payoff transaction will post on the 2<sup>nd</sup> Business Day after the payoff is reported to Freddie Mac.

vii. **Revision to a previously successfully reported Payoff before the Payoff Determination Date**

- a. If a payoff is revised prior to the Payoff Determination Date, an offsetting adjustment will post to the previously accepted payoff amount.

viii. **Revision to a previously [successfully reported](#) Payoff after the Payoff Determination Date**

- a. If a payoff is revised after the Payoff Determination Date, an offsetting adjustment will post on the 2<sup>nd</sup> Business Day after the payoff revision is reported.

c. **Monthly Account Statement**

- i. The reporting Cycle date will be updated on the Monthly Account Statement report header in MM/YYYY format.
- ii. The Monthly Account Statement will be generated once a month, on EOM+2 Business Days.
  - Example: For the September accounting Cycle, the Monthly Account Statement will be available on October 2<sup>nd</sup>.
- iii. The Monthly Account Statement shall include all of the reported activities that occurred for the monthly reporting Cycle (1<sup>st</sup> to EOM) with revisions on 1<sup>st</sup> Business Day of the following month.

**NOTE:**

1. There is no impact to the Monthly Account Statement with respect to the P&I Determination Date.

2. [The ending balance for the current month is the beginning balance for the following month.](#)

- iv. The Monthly Account Statement will include the principal reported on loans from 1<sup>st</sup> to EOM of the Cycle and all revisions on EOM+1 Business Day based on the Transaction Type.

- v. The Monthly Account Statement will include the scheduled interest that is reported in the prior Cycle.
- vi. The Monthly Account Statement will continue to capture reinstatement interest in the reinstatement (50) section of the Statement.
- vii. Partial Reinstatement will be included in the P&I (non-exception) section of the Statement. [The Monthly Account Statement will include the principal due and, if any, delinquent interest in the P&I non exception transaction category for a partial reinstatement.](#)
- viii. The Monthly Account Statement will exclude the Inactivation (Loan Level Reporting exception code 40) Transaction Type.
- ix. [The Monthly Account Statement will include the principal due and interest due in the P&I non exception transaction category for a recast loan \(exception code 91\).](#)
- x. [The Monthly Account Statement will provide Non-sufficient fund \(NSF\) category within the statement.](#)
- xi. The following labels will be changed on the Monthly Account Statement:
  - a. Update the 'Reactivation (50)' label to 'Reinstatement (50)'.
  - b. Update the 'Less Remittances Made' label to 'Less Funds Drafted'.

**P. Data Cutover**

**i. Process Description**

The cutover month is the month that Freddie Mac and Servicers transition from the current monthly accounting and reporting cycles to daily reporting using a monthly accounting cycle of the 1<sup>st</sup> – EOM.

Accounting Cycle is the time period for which loan activity is collected for reporting. The accounting Cycle begins on the first calendar day of the month and ends on the last calendar day of the month.

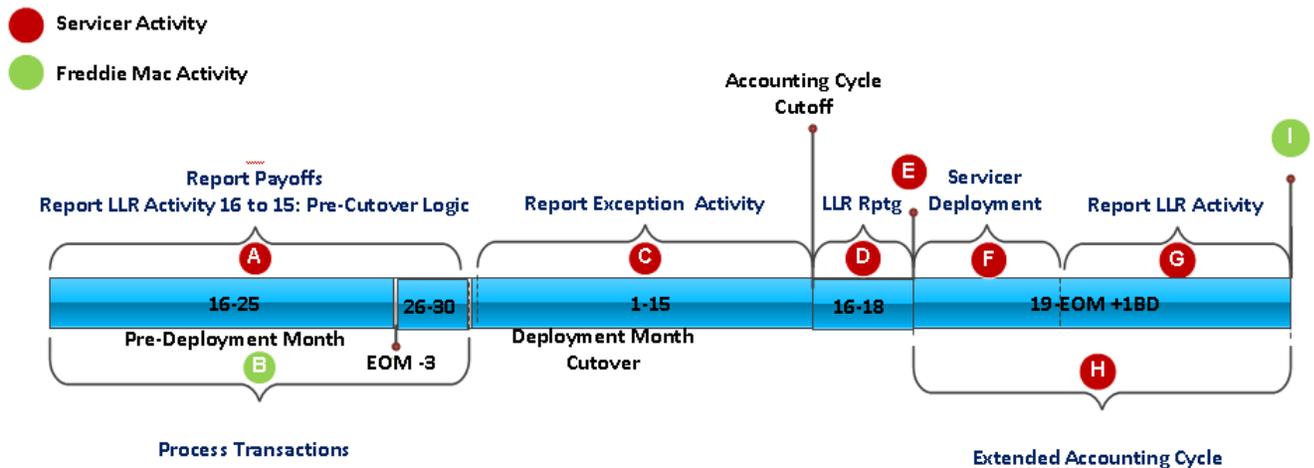
Reporting Cycle for P&I is the time period that Servicers can report loan activity each month. Pre-cutover, this is from the 16<sup>th</sup> through 4 business days before the end of the month. After cutover, this will be from the 1<sup>st</sup> business day through the last day of the month plus one business day.

**ii. Details**

**a. Cutover Illustration**



**IRCI Cutover Timeline**



- A** Report principal and interest and exception activity using pre-Cutover accounting cycle and reporting logic. Servicer holds all late month principal and interest activity per pre-Cutover process in the month before Cutover.
- B** Freddie Mac processes exception activity and monthly principal and interest according to pre-Cutover logic
- C** Report exception activity up to the 15th calendar day of the Cutover month using the pre-Cutover reporting/remittance guidelines
- D** Report principal reduction from the 16th of the prior month to the 15th of the Cutover month. Report accrued interest for the previous month. (Interest in arrears).
- E** Remit principal and interest via GPI call-in according to the pre-Cutover remittance option for the loan activity.
- F** Servicer deployment of new accounting cycle and reporting logic
- G** Report additional principal payments received from the 16th of the month before Cutover up to the end of the Cutover month, updating principal payments if necessary from what was already reported in 'D'.
- H** Report payoff activity from the 16th calendar day to the end of the Cutover month using the new daily reporting guidelines. (Report the current month cycle date)
- I** EOM +1 Freddie Mac will final all reported activity for the month (Activity in D and G)

## **b. Reporting activity, the month of Cutover**

- i. The Servicer will close the Cycle by the third business day following the accounting Cycle cutoff (D) and report the following data:
  - a. Report principal reduction from the 16<sup>th</sup> of the prior month to the accounting Cycle cutoff of the cutover month.
  - b. Report accrued interest for the previous month. (Interest in arrears)
  - c. Clear all edits by the third business day after the start of the reporting cycle.
  - d. Remit principal and interest via GPI call-in according to the pre-Cutover remittance option for the loan activity (E).
  - e. Report payoff activity (C) up to the 15<sup>th</sup> calendar day of the cutover month using the pre-Cutover reporting/remittance guidelines.
- ii. Freddie Mac will calculate and post interest accrued from the pre-Cutover month for any loans that have not been reported/ corrected by the third business day of the reporting cycle. (simulation of accrued interest)
- iii. The Servicer and Freddie Mac will implement a temporary moratorium on transfer of servicing activity the month of and the month after cutover.  
For example, assuming a Cutover of October 2018, the following TOS effective dates will be ineligible: 10/16/2018, 11/01/2018.  
Requests for a Transfer of Servicing Effective Date of 12/1/2018 will be available on 10/19/2018 in the Service Loans application)

## **c. Extended Cutover Accounting Cycle through EOM for Month of Cutover (H)**

All requirements set forth in the business requirements document related to the revised reporting rules apply to the loans reported in the Cutover month.

- i. The Servicer will report any payment activity received after the 15<sup>th</sup> of the cutover month through the last business day of the month to include the following data (extended accounting Cycle):
  - a. Report additional principal payments received from the 16<sup>th</sup> of the month before the Cutover month up to the end of the Cutover month (D and G), updating principal payments if necessary from what was already reported prior to Cutover.  
  
(Example: Principal Reported after the cutoff of \$100.00, and a pre-payment of \$100.00 is collected after the GPI call-in on the 25<sup>th</sup>. The Servicer reports a total of \$200.00 in principal on the 25<sup>th</sup>)
  - b. The net Principal amount will be due on the next draft date on the month following Cutover.  
  
(Example: Principal is remitted on the 18th for \$100.00, the additional principal reported of \$200.00 is netted with the previously remitted amount of \$100.00. The \$100.00 principal is due to Freddie Mac the next draft date.)
  - c. Report scheduled interest for all active loans by the last business day of the Cutover month, including newly funded loans (G).
  - d. Report payoff activity from the 16<sup>th</sup> calendar day to the end of the cutover month using the new daily reporting guidelines (H).
    - d.i Report the current month Cycle date (Cutover month)

- ii. Freddie Mac will simulate scheduled interest for any loans that have not been reported by the last business day of the extended accounting Cycle.
- iii. The Loan Level reporting DDLPI will drive the delinquency information in the Cutover month.
- iv. Drafting will begin the month after Cutover.
- v. Daily loan modifications will occur the month after cutover. The month of Cutover, loan modifications will be processed two business days before the 15<sup>th</sup> of the Cutover month.

Any loan modifications that occur after the monthly loan modification settlement will be processed on the first business day the month after Cutover, and daily from that point onwards.

## Q. Miscellaneous Requirements

### i. Fees

If no activity has been reported, or edits have not been cleared, by EOM+1 Business Day for the prior Cycle, Freddie Mac will assess fees per Guide Exhibit 96 (reporting non-compliance section).

### ii. Scorecard/Manager Series

- a. Freddie Mac will redefine the existing Freddie Mac Servicer Success Scorecard metrics, where applicable, based on IRCI changes.
- b. Freddie Mac will ensure that all reports within Manager Series incorporate the IRCI Cycle change.
- c. Changes to existing reports: Updates will be made to the existing [Investor Reporting and Loss Mitigation](#) reports.

### iii. Report

- a. Missing Loan Report
  - i. A report will be generated on the 2<sup>nd</sup> Business day before the P&I Determination Date or when 75 percent of the portfolio has been reported, whichever occurs first.
- b. [Business-to-Business \(B2B\) Files](#)  
The following files will be available for all B2B transmissions. Further details are provided in the [Technical Specification](#) documents.
  - i. [Response File](#)
  - ii. [Draft File](#)

#### **NOTE:**

1. Similar data is available in [Service Loans](#) application.
2. Freddie Mac is making these B2B files available for service bureaus to consume, and in turn pass on appropriate data and analytics to their servicer customers. Freddie Mac is not mandating that service bureaus consume these files but is making them available as a value-added service.

### III. APPENDICES

#### A. APPENDIX A (Conceptual Investor Reporting Drafting Timeline)

| If the 15 <sup>th</sup> is:         | Then, Actual P&I Determination Date is: | Then, Drafting Date (2 Business Days after Actual P&I Determination Date) is: |
|-------------------------------------|---|---|
| 15 <sup>th</sup> (Monday)           | 15 <sup>th</sup> (Monday)               | 17 <sup>th</sup> (Wednesday)  |
| 15 <sup>th</sup> (Tuesday)          | 15 <sup>th</sup> (Tuesday)              | 17 <sup>th</sup> (Thursday)   |
| 15 <sup>th</sup> (Wednesday)        | 15 <sup>th</sup> (Wednesday)            | 17 <sup>th</sup> (Friday)   |
| 15 <sup>th</sup> (Thursday)         | 15 <sup>th</sup> (Thursday)             | 19 <sup>th</sup> (Monday)   |
| 15 <sup>th</sup> (Friday)           | 15 <sup>th</sup> (Friday)               | 19 <sup>th</sup> (Tuesday)  |
| 15 <sup>th</sup> (Saturday)         | 17 <sup>th</sup> (Monday)               | 19 <sup>th</sup> (Wednesday)  |
| 15 <sup>th</sup> (Sunday)           | 16 <sup>th</sup> (Monday)               | 18 <sup>th</sup> (Wednesday)  |
| 15 <sup>th</sup> (Thursday)         | 15 <sup>th</sup> (Thursday)             | 20 <sup>th</sup> (Tuesday, Monday is a holiday)                               |
| 15 <sup>th</sup> (Monday - holiday) | 16 <sup>th</sup> (Tuesday)              | 18 <sup>th</sup> (Thursday)   |

## B. APPENDIX B (Definitions / Acronyms)

| Business Term/<br>Acronym | Definition  |
|---------------------------|---|
| ACH                       | Automated Clearing House  |
| All-in reporting Date     | The date by which each Servicer is required to submit a loan level record for each mortgage in its Freddie Mac portfolio  |
| ANY                       | Accounting Net Yield  |
| ARM                       | Adjustable Rate Mortgages   |
| B2B                       | Business-to-Business  |
| Current Loan              | A loan is "Current" if:<br>DDLPI = Current Cycle<br>Reported Principal = Current Cycle FM expected principal<br><i>Example: If current Cycle is July 2016, DDLPI = 7/1/16, Principal reported is for July &amp; the interest reported in July is scheduled interest due in August</i> |
| DAR                       | Detail Adjustment Report  |
| DDLPI                     | Due Date of Last Paid Installment   |
| Draft Report              | The report that describes the amounts to be drafted from the Servicer's account. The report reflects summary and loan-level detail, including adjustments and simulation based on Servicer reporting.   |
| DWR                       | Default Workout Reporting   |
| EDI                       | Electronic Data Interchange   |
| EDR                       | Electronic Default Reporting  |
| EOM                       | End of Month  |
| EOM+1                     | End of Month + 1 Calendar Day   |
| EOM+1BD                   | End of Month + 1 Business Day   |
| Exception Interest        | Exception interest is interest that is due for liquidations. Daily exception interest is calculated from the first of the month, up to, but not including, the exception date. It is calculated based on a 365-day year.  |
| FCL                       | Foreclosure   |
| FHA                       | Federal Housing Administration  |
| IO                        | Interest Only loan  |
| IRCI                      | Investor Reporting Changes Initiative   |
| LLR                       | Loan Level Reporting  |
| NPL                       | Non-Performing Loan   |
| PARC                      | Payoff Acceleration Remittance Cycle  |
| Payoff Determination Date | The date that Freddie Mac will determine the draft of the payoff transaction based on servicer reporting.   |
| P&I                       | Principal and Interest  |
| P&I Constant              | Monthly Principal and Interest Payment due based on the Note  |
| P&I Determination Date    | The date that Freddie Mac will <b>determine</b> the draft of the actual principal that has been successfully reported <b>and the interest due</b> for the current cycle.  |
| PL                        | Performing Loans  |
| Recast                    | Recalculation of the monthly P&I that may occur when a curtailment is made  |
| REO                       | Real Estate Owned   |

| Business Term/<br>Acronym | Definition  |
|---------------------------|---|
| Simulation                | Simulation occurs when a Servicer fails to clear outstanding edits or report loan-level activity by EOM + 1. Freddie Mac will create a loan level record using: <ul style="list-style-type: none"> <li>- Last cycle ending UPB</li> <li>- Last cycle DDLPI</li> <li>- Scheduled interest for next remittance using last cycle ending UPB</li> </ul> |
| SLA                       | Service Loans application   |
| UPB                       | Unpaid Principal Balance  |

### C. APPENDIX C – Change Log (January 2017 updates)

The table below provides the substantive changes that were made with the January 2017 update to this document. All updates to this document are shown in blue font.

| Section                    | ID        | Update Type            | Updated Requirement (changes shown in bold)  |
|----------------------------|-----------|------------------------|--|
| Project Description        | I.A.v     | Reworded for clarity   | Remittance Type: Freddie Mac will convert to a single remittance type <b>for principal and interest on all loans (excluding payoffs)</b> .   |
| Curtailment                | E.iii.b   | Reworded for clarity   | <i>Added new exception code number:</i><br>a. The Servicer reports a new Recast exception code <b>91</b> in the Cycle where the Mortgage P&I changes.<br>ii. If a Recast exception code <b>91</b> is reported, but the Servicer reports a P&I constant that is equal to or greater than the prior Cycle P&I constant, a fatal edit will be generated.  |
| Curtailment                | E.iii.c   | Reworded for clarity   | <i>Removed B2B:</i><br>A daily report will be made available (in Service Loans application <del>and B2B</del> ) that includes loans where the P&I constant has changed during the Cycle due to a Recast.   |
| Delinquency Reporting      | F.iii     | Reworded for clarity   | iv. A new fatal edit will be generated if scheduled interest is reported in the month of inactivation. <b>If the edit is not cleared by EOM+1 Business Day, Freddie Mac will inactivate the loan.</b>  |
| Full Reinstatement         | H.ii.c    | Reworded for clarity   | Servicers are <b>encouraged but</b> not required to send a Loan Level Reporting <b>exception</b> code 50 to reinstate a loan.  |
| Neg PR                     | I.iii.b.b | Reworded for clarity   | <i>Removed B2B:</i><br>A report (in Service Loans application <del>and B2B</del> ) will be provided that identifies all negative principal transactions that require additional documentation  |
| Loan Modifications         | J.iii.c   | Added new requirement  | c. If the modification is settled by Freddie Mac in the current Cycle with a first modified payment due date of the following month, Freddie Mac will accept the reporting of the next months scheduled interest on the modified loan in the current month. <b>Prepayments will also be accepted if the first modified payment due date is in the next Cycle.</b><br><b>NOTE: While reporting the next month's scheduled interest after the modification settles, the post-mod note rate and post-mod P&amp;I constant should be reported as of the modification interest rate change date instead of the first modified payment due date.</b> |
| Short Sales/Chargeoffs     | L.ii.a    | Reworded for clarity   | <i>Added new exception code number:</i><br>a. The Servicer will report a short sale payoff <b>and-or</b> a Charge-off with the new Loan Level Reporting exception code <b>67</b> .   |
| Short Sales/Chargeoffs     | L.ii.e    | Reworded for clarity   | Freddie Mac will generate a report in Service Loans application to identify short sales, <b>chargeoffs and third party sales</b> that have been reported in Loan Level Reporting but <b>do not have a Get Actual (settlement) date</b> , not settled with Freddie Mac  |
| Foreclosure Sales          | M.iii.a.i | Updated requirement    | i. The third party foreclosure sales payoff amount will be drafted on the <b>2nd 5<sup>th</sup></b> Business Day after the reported transaction is successfully processed in Loan Level Reporting.   |
| Drafting                   | O.iii.c   | Updated requirements   | Updated Monthly Account Statement report requirements for further clarity.   |
| Cutover                    | P         | Added new requirements | Added cutover requirements and timeline.   |
| Miscellaneous Requirements | Q.iii.b   | Added new requirements | Added new requirements for the Business-to-Business (B2B) Files  |
| Illustration               | D.5       | Illustration updated   | <i>Included the following statement in the scenario:</i><br>The Servicer reported new P&I constant in August.  |

| Section      | ID  | Update Type          | Updated Requirement (changes shown in bold)   |
|--------------|-----|----------------------|---|
| Illustration | H.2 | Illustration updated | Updated the data table and the timeline to include September reporting and drafting.  |
| Illustration | J.1 | Illustration updated | Updated the table to match timeline, starting from 5/5.   |
| Illustration | J.2 | Illustration updated | Included the following disclaimer above the data table:<br><b>Jan-Jun reporting shown in the data table is for additional clarity of the scenario</b>   |
| Illustration | J.3 | Illustration updated | Included the following disclaimer above the data table:<br><b>Jan-Jun reporting shown in the data table is for additional clarity of the scenario</b>   |
| Illustration | K.5 | Illustration updated | Updated Date Reported Line 7/15 on the timeline to reflect the correct Interest Reported which is <b>1,298.78</b> .<br>DAR Credit is an arbitrary number to represent posting of a credit adjustment. It is not derived from any calculation in the timeline. |
| Illustration | K.6 | Illustration updated | Updated Date Reported Line 7/15 on the timeline to reflect the correct Interest Reported which is <b>916.92</b> .   |

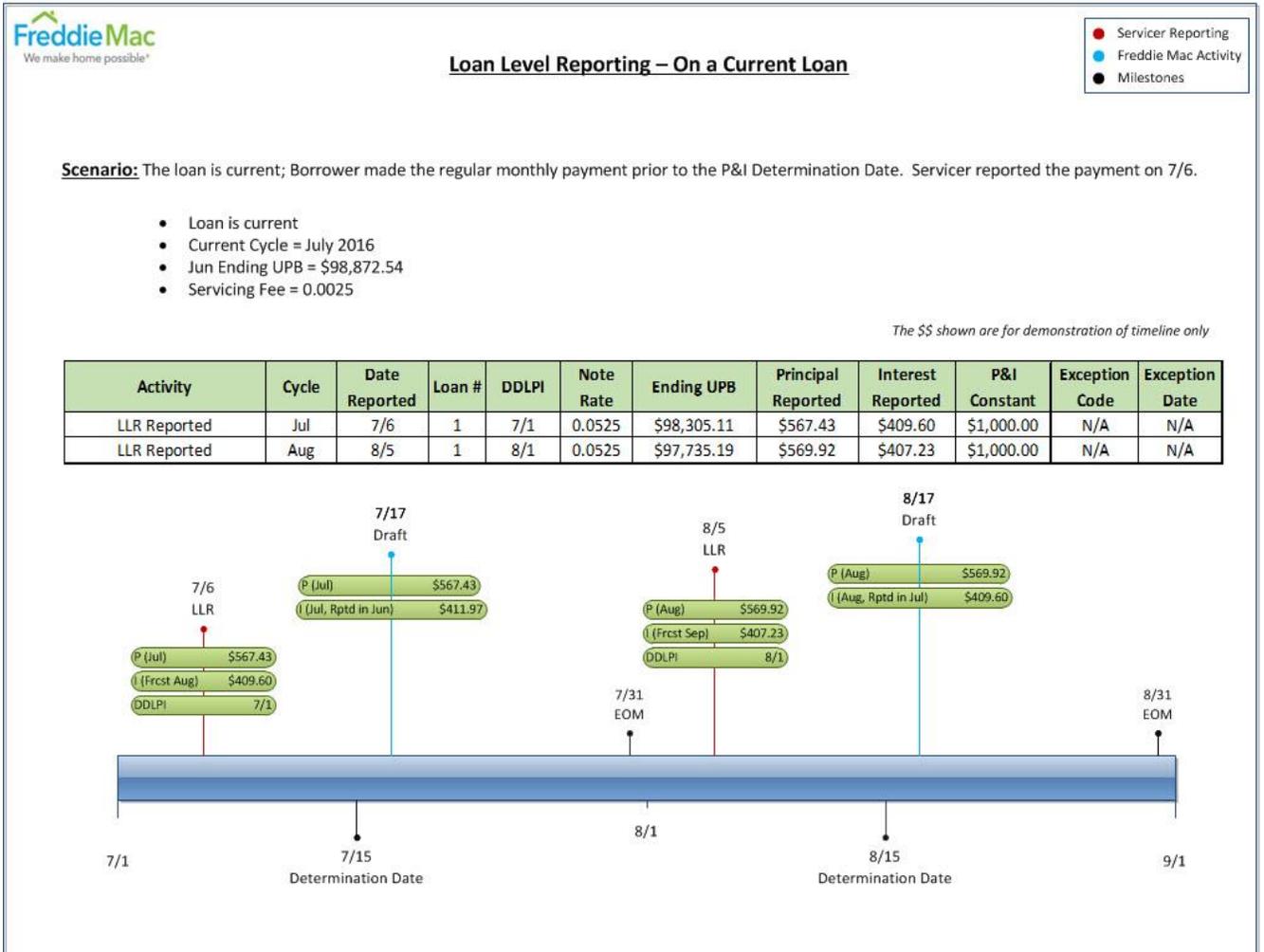
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# I. Fixed Rate Mortgage

## A. Illustration A.1



## B. Illustration A.2



### Loan Level Reporting – Revision on a Current Loan After Determination Date

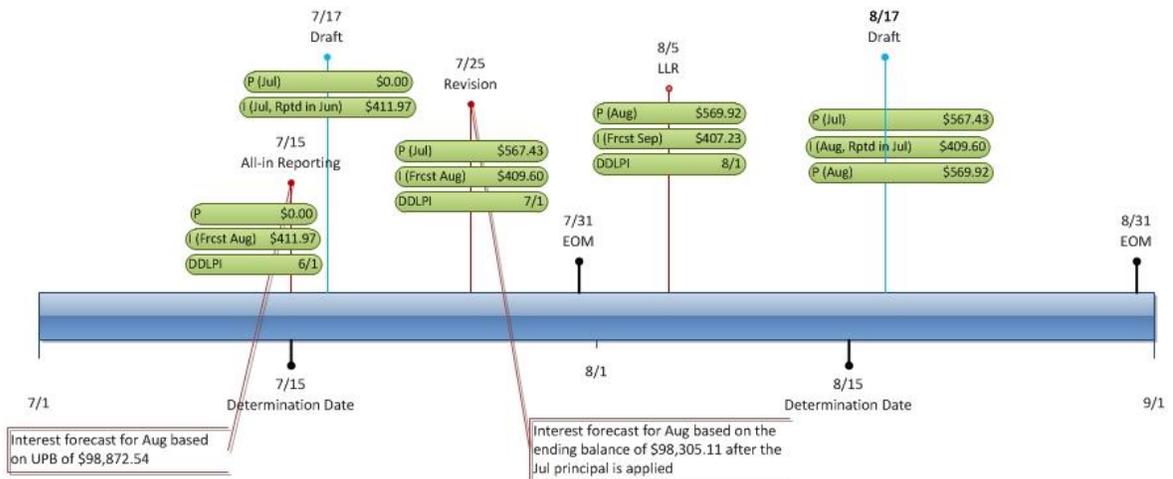
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Borrower made the mortgage payment after the P&I Determination Date. Servicer reported \$0 principal on 7/15 (“All-in Reporting” date) then revised the transaction on 7/25 to include the monthly principal amount which was paid late.

- Loan is current
- Current Cycle = July 2016
- Jun Ending UPB = \$98,872.54
- Servicing Fee = 0.00250

*The \$\$ shown are for demonstration of timeline only*

| Activity                | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|-------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| All-in Reporting        | Jul   | 7/15          | 1      | 6/1   | 0.0525    | \$98,872.54 | \$0.00             | \$411.97          | \$1,000.00   | N/A            | N/A            |
| LLR Reported - REVISION | Jul   | 7/25          | 1      | 7/1   | 0.0525    | \$98,305.11 | \$567.43           | \$409.60          | \$1,000.00   | N/A            | N/A            |
| LLR Reported            | Aug   | 8/5           | 1      | 8/1   | 0.0525    | \$97,735.19 | \$569.92           | \$407.23          | \$1,000.00   | N/A            | N/A            |



### C. Illustration A.3



#### Loan Level Reporting – Newly Funded, 1<sup>st</sup> Payment Due One Month After Funding

- Servicer Reporting
- Freddie Mac Activity
- Milestones

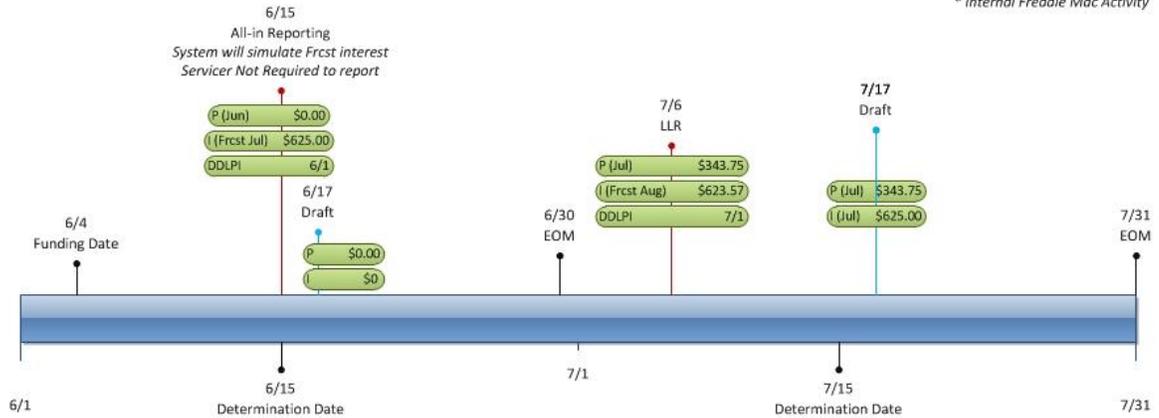
**Scenario:** New loan funded on 6/4; first payment due date was 7/1. Borrower made the first payment prior to the July P&I Determination Date. The Servicer reported the payment on 7/6. On 7/17, the July principal and the July interest (which was simulated at boarding) was drafted.

- First P&I Due Date = 1 Month after Funding Month
- Funding UPB = \$150,000, Note Amount = 150,000
- Servicing Fee = 0.00250
- Funding Date = 6/4/2016
- Interest Paid to Date = 6/1/2016
- First Payment Date (to Freddie Mac) = 7/1/2016

*The \$\$ shown are for demonstration of timeline only*

| Activity                             | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------------------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| FRE - Boarding of Newly Funded Loan* | Jun   | N/A           | 1      | 6/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting                     | Jun   | 6/15          | 1      | 6/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                         | Jul   | 7/6           | 1      | 7/1   | 0.0525    | \$149,656.25 | \$343.75           | \$623.57          | \$1,000.00   | N/A            | N/A            |

\* Internal Freddie Mac Activity



## D. Illustration A.4



### Loan Level Reporting – Newly Funded, 1<sup>st</sup> Payment Due Two Months After Funding

- Servicer Reporting
- Freddie Mac Activity
- Milestones

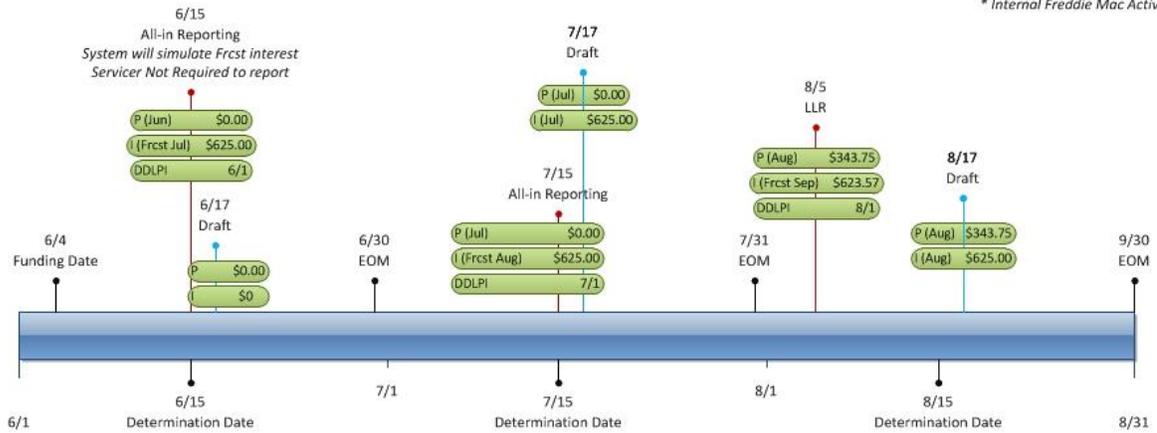
**Scenario:** New loan funded on 6/4; the first payment was due on 8/1. Forecasted interest is simulated at funding (Servicer has the option to report forecasted interest). On 7/17, the July interest (simulated and forecasted in June) was drafted. Prior to the August P&I Determination Date, the Borrower made the August payment. On 8/5, the Servicer reported the August principal and September forecasted interest. On 8/17, the August principal and interest (forecasted in July) were drafted.

- First P&I Due Date = 2 months after funding
- Funding Date = 6/4/2016
- Funding UPB = \$150,000, Note Amount = 150,000
- Interest Paid to Date = 7/1/2016
- Servicing Fee = 0.00250
- First Payment Date (to Freddie Mac) = 8/1/2016

*The \$\$ shown are for demonstration of timeline only*

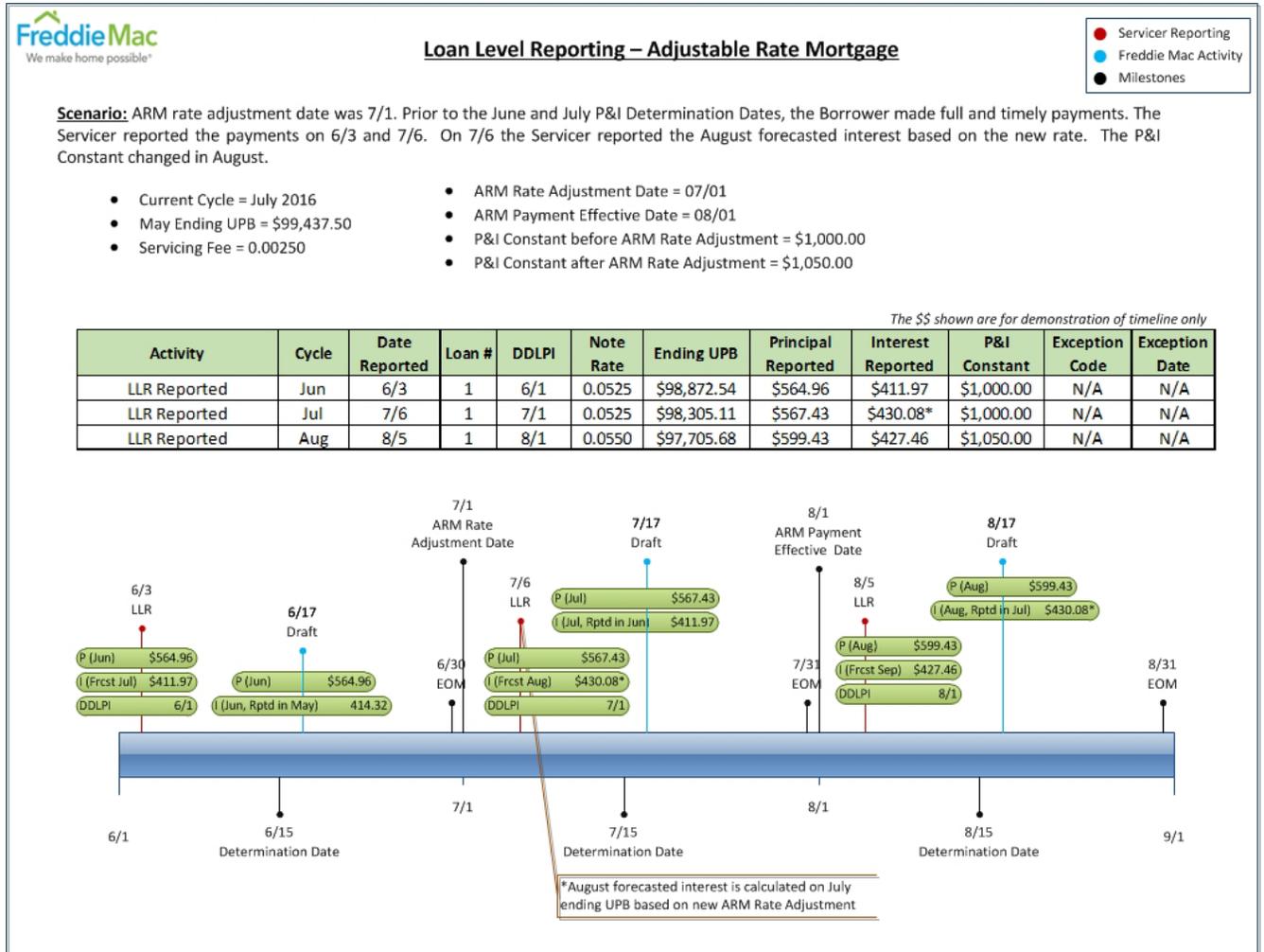
| Activity                             | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------------------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| FRE - Boarding of Newly Funded Loan* | Jun   | N/A           | 1      | 6/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting                     | Jun   | 6/15          | 1      | 6/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting                     | Jul   | 7/15          | 1      | 7/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                         | Aug   | 8/5           | 1      | 8/1   | 0.0525    | \$149,656.25 | \$343.75           | \$623.57          | \$1,000.00   | N/A            | N/A            |

\* Internal Freddie Mac Activity



## II. Adjustable Rate Mortgage (ARM)

### A. Illustration B.1



## B. Illustration B.2



### Loan Level Reporting – ARM Loan Less than 120 Days Delinquent

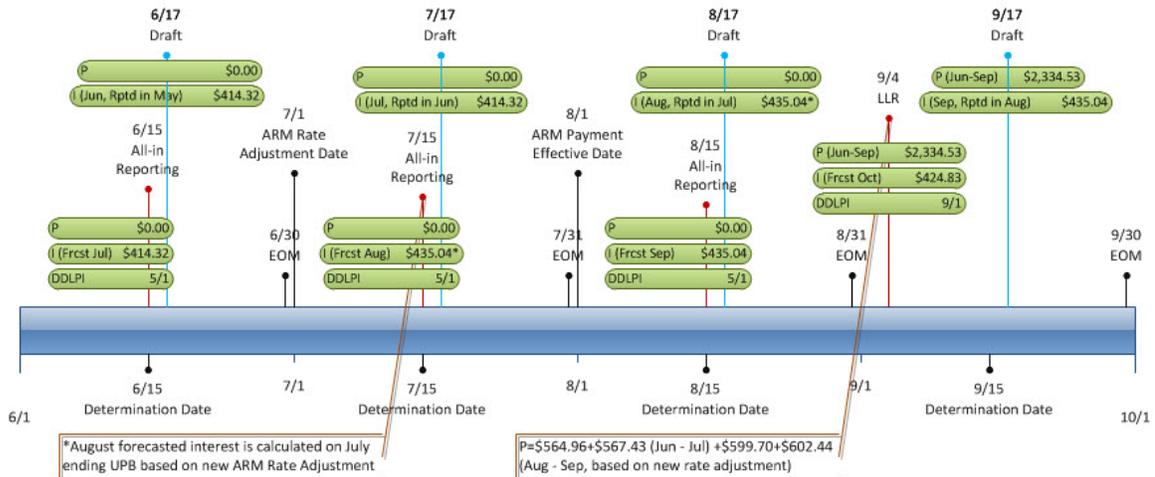
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Borrower did not make any payments in June, July, and August. The Servicer advanced the interest for each of the months on the All-in reporting dates. The rate adjusted in July; on 7/15, the Servicer reported the forecasted interest for August based on the new rate. Prior to the September P&I Determination Date, Borrower brought the loan current. The Servicer reported the delinquent and current principal payments and the October forecasted interest on 9/4.

- Current Cycle = July 2016
- May Ending UPB = \$99,437.50
- Servicing Fee = 0.00250
- ARM Rate Adjustment Date = 07/01
- ARM Payment Effective Date = 08/01
- P&I Constant before ARM Rate Adjustment = \$1,000.00
- P&I Constant after ARM Rate Adjustment = \$1,050.00

*The \$\$ shown are for demonstration of timeline only*

| Activity         | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported     | May   | 5/4           | 1      | 5/1   | 0.0525    | \$99,437.50 | \$562.50           | \$414.32          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting | Jun   | 6/15          | 1      | 5/1   | 0.0525    | \$99,437.50 | \$0.00             | \$414.32          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting | Jul   | 7/15          | 1      | 5/1   | 0.0525    | \$99,437.50 | \$0.00             | \$435.04*         | \$1,000.00   | N/A            | N/A            |
| All-in Reporting | Aug   | 8/15          | 1      | 5/1   | 0.0550    | \$99,437.50 | \$0.00             | \$435.04          | \$1,050.00   | N/A            | N/A            |
| LLR Reported     | Sep   | 9/4           | 1      | 9/1   | 0.0550    | \$97,102.97 | \$2,334.53         | \$424.83          | \$1,050.00   | N/A            | N/A            |



### C. Illustration B.3



#### Loan Level Reporting – ARM Loan Prepayment

- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** ARM rate adjustment was 10/1. Prior to the July P&I Determination Date, Borrower prepaid the mortgage through October (four months). Servicer reported four months of principal on 7/6 plus forecasted interest for the month of August. Subsequently, the Servicer reported \$0 principal for August – October and forecasted interest at the current rate for August through October based on the July ending UPB. In October, the Servicer reported the forecasted interest for November based on the new rate. The new P&I took effect in November. The new terms take effect in November.

- Current Cycle = July 2016
- Jun Ending UPB = \$98,872.54
- Servicing Fee = 0.00250
- DDLPI Reported = 10/01
- ARM Rate Adjustment Date = 10/01
- ARM Payment Effective Date = 11/01
- Interest rate after ARM Rate Adjustment = 0.0550
- P&I Constant before ARM Rate Adjustment = \$1,000.00
- P&I Constant after ARM Rate Adjustment = \$1,050.00

*The \$\$ shown are for demonstration of timeline only*

| Activity     | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported | Jul   | 7/6           | 1      | 10/1  | 0.0525    | \$96,587.87 | \$2,284.67         | \$402.45          | \$1,000.00   | N/A            | N/A            |
| LLR Reported | Aug   | 8/15          | 1      | 10/1  | 0.0525    | \$96,587.87 | \$0.00             | \$402.45          | \$1,000.00   | N/A            | N/A            |
| LLR Reported | Sep   | 9/15          | 1      | 10/1  | 0.0525    | \$96,587.87 | \$0.00             | \$402.45          | \$1,000.00   | N/A            | N/A            |
| LLR Reported | Oct   | 10/15         | 1      | 10/1  | 0.0525    | \$96,587.87 | \$0.00             | \$422.57*         | \$1,000.00   | N/A            | N/A            |



## D. Illustration B.4



### Loan Level Reporting – ARM Loan With Curtailment Without Recast

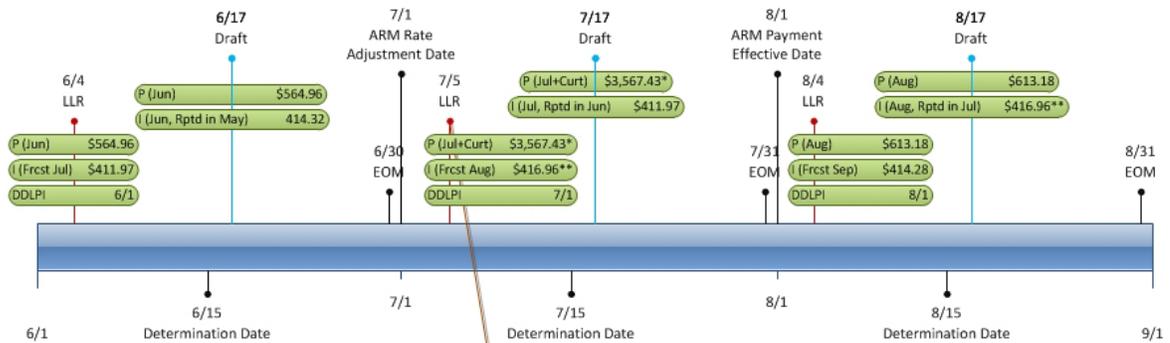
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** In July the ARM rate changed. Prior to the July P&I Determination Date, Borrower made the July payment and a curtailment without a recast. The Servicer reported the payments on 7/5. The P&I changed in August.

- Current Cycle = July 2016
- May Ending UPB = \$99,437.50
- Servicing Fee = 0.00250
- Curtailment Amount = \$3,000
- ARM Rate Adjustment Date = 07/01
- ARM Payment Effective Date = 08/01
- P&I Constant before ARM Rate Adjustment = \$1,000.00
- P&I Constant after ARM Rate Adjustment = \$1,050.00

*The \$\$ shown are for demonstration of timeline only*

| Activity                     | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|------------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported                 | Jun   | 6/4           | 1      | 6/1   | 0.0525    | \$98,872.54 | \$564.96           | \$411.97          | \$1,000.00   | N/A            | N/A            |
| LLR Reported w/ Curtailment* | Jul   | 7/5           | 1      | 7/1   | 0.0525    | \$95,305.11 | \$3,567.43*        | \$416.96**        | \$1,000.00   | N/A            | N/A            |
| LLR Reported                 | Aug   | 8/4           | 1      | 8/1   | 0.0550    | \$94,691.93 | \$613.18           | \$414.28          | \$1,050.00   | N/A            | N/A            |



\*P \$567.43 (Jul) + \$3,000 (Curtailment)  
 \*\*August forecasted interest is calculated on July ending UPB based on new ARM Rate Adjustment

## E. Illustration B.5



### Loan Level Reporting – Reinstatement with Rate Adjustment

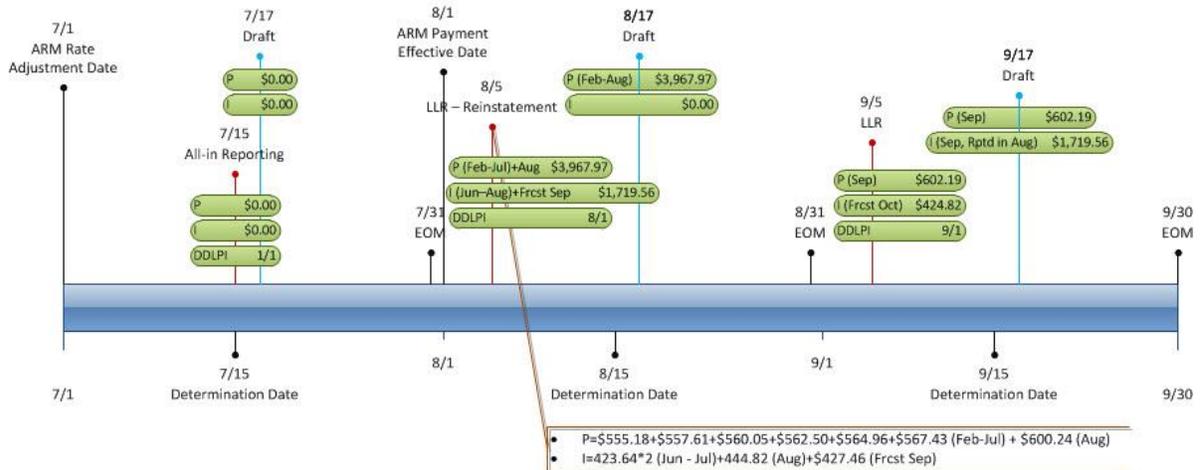
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The loan was inactive. ARM Rate Adjustment was 7/1. Prior to the August P&I Determination Date, Borrower brought the loan current. On 8/5, the Servicer reinstated the loan by reporting code 50, the delinquent and current principal payments, the delinquent interest due from the inactivation date through August, and the forecasted interest for September. The interest payments for August and September were based on the new rate. The P&I changed in August.

- Current Cycle = July 2016
- Jun Ending UPB = \$101,672.84
- Inactivation Cycle = May 2016
- Servicing Fee = 0.00250
- ARM Rate Adjustment Date = 07/01
- ARM Payment Effective Date = 08/01
- P&I Constant before ARM Rate Adjustment Date = \$1,000.00
- P&I Constant after ARM Rate Adjustment Date = \$1,050.00

*The \$\$ shown are for demonstration of timeline only*

| Activity            | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|---------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| All-in Reporting    | Jul   | 7/15          | 1      | 1/1   | 0.0525    | \$101,672.84 | \$0.00             | \$0.00            | \$1,000.00   | N/A            | N/A            |
| LLR - Reinstatement | Aug   | 8/5           | 1      | 8/1   | 0.0550    | \$97,704.87  | \$3,967.97         | \$1,719.56        | \$1,050.00   | 50             | N/A            |
| LLR Reported        | Sep   | 9/5           | 1      | 9/1   | 0.0550    | \$97,102.68  | \$602.19           | \$424.82          | \$1,050.00   | N/A            | N/A            |



## F. Illustration B.6



### Loan Level Reporting - Step Rate Loan

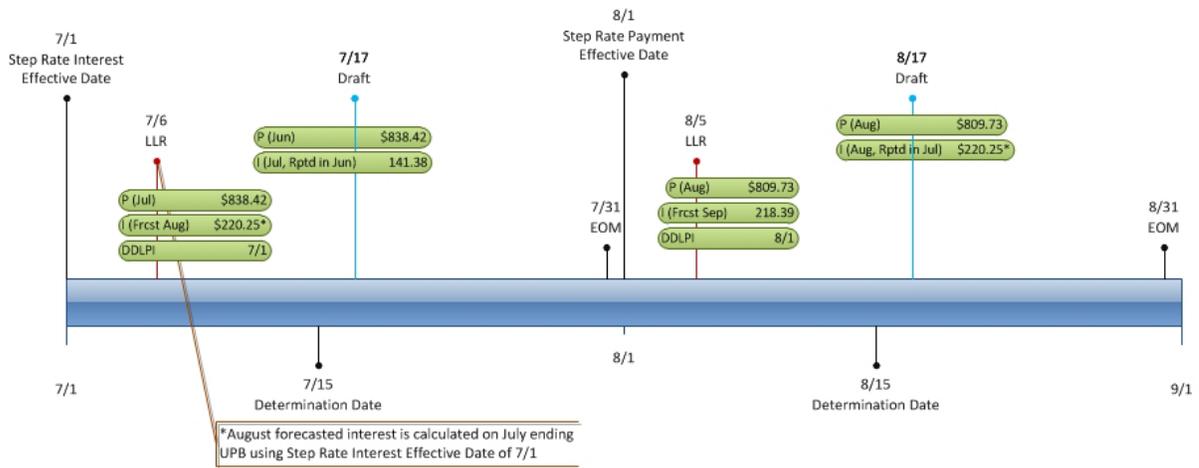
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Step Rate changed in July and the P&I Constant changed in August. On or before the July P&I Determination Date, the Borrower made the regular payment. On 7/6, the Servicer reported the July principal payment and the August forecasted interest based on the next step rate. Prior to the August P&I Determination Date, the Borrower made the August payment based on the new P&I Constant. The Servicer reported the payment on 8/5.

- Current Cycle = July 2016
- Jun Ending UPB = \$96,945.91
- Servicing Fee = 0.00250
- Step Rate Interest Effective Date = 07/01
- Step Rate Payment Effective Date = 08/01
- P&I Constant before Step Rate Adjustment = \$1,000.00
- P&I Constant after Step Rate Adjustment = \$1,050.00

*The \$\$ shown are for demonstration of timeline only*

| Activity     | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported | Jul   | 7/6           | 1      | 7/1   | 0.0200    | \$96,107.49 | \$838.42           | \$220.25*         | \$1,000.00   | N/A            | N/A            |
| LLR Reported | Aug   | 8/5           | 1      | 8/1   | 0.0300    | \$95,297.76 | \$809.73           | \$218.39          | \$1,050.00   | N/A            | N/A            |



## G. Illustration B.7



### Loan Level Reporting - Step Rate Loan – Prepayment

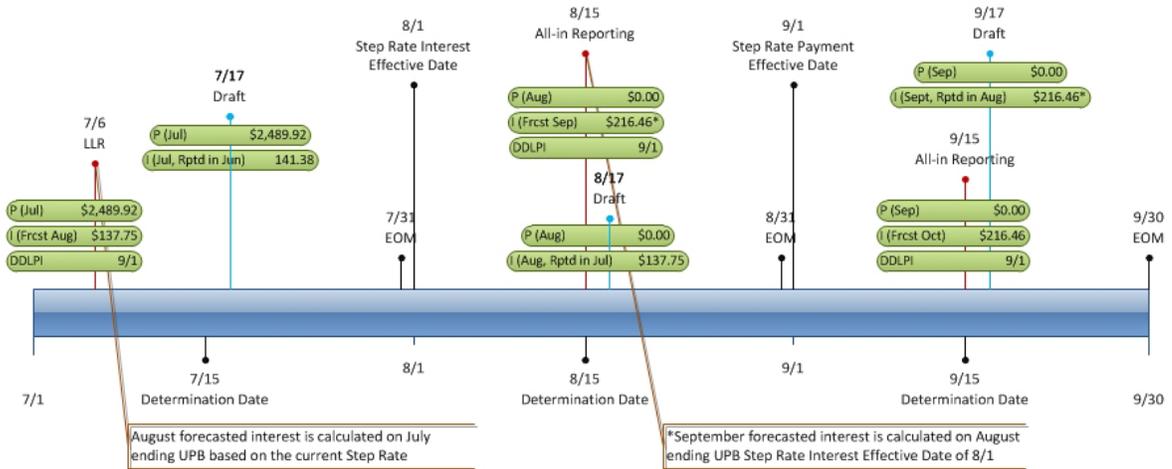
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, Borrower prepaid the loan through September. On 7/6, the Servicer reported the current and prepaid principal amounts plus the August forecasted interest based on the lower balance and the current Step Rate. In August the Step Rate changed and the Servicer reported September forecasted interest based on new rate. In September the P&I changed and the Servicer reported the new terms on 9/5 which were drafted on 9/17.

- Current Cycle = July 2016
- Jun Ending UPB = \$96,945.91
- Servicing Fee = 0.00250
- Step Rate Interest Effective Date = 08/01
- Step Rate Payment Effective Date = 09/01
- P&I Constant before Rate Adjustment = \$1,000.00
- P&I Constant after Rate Adjustment = \$1,050.00

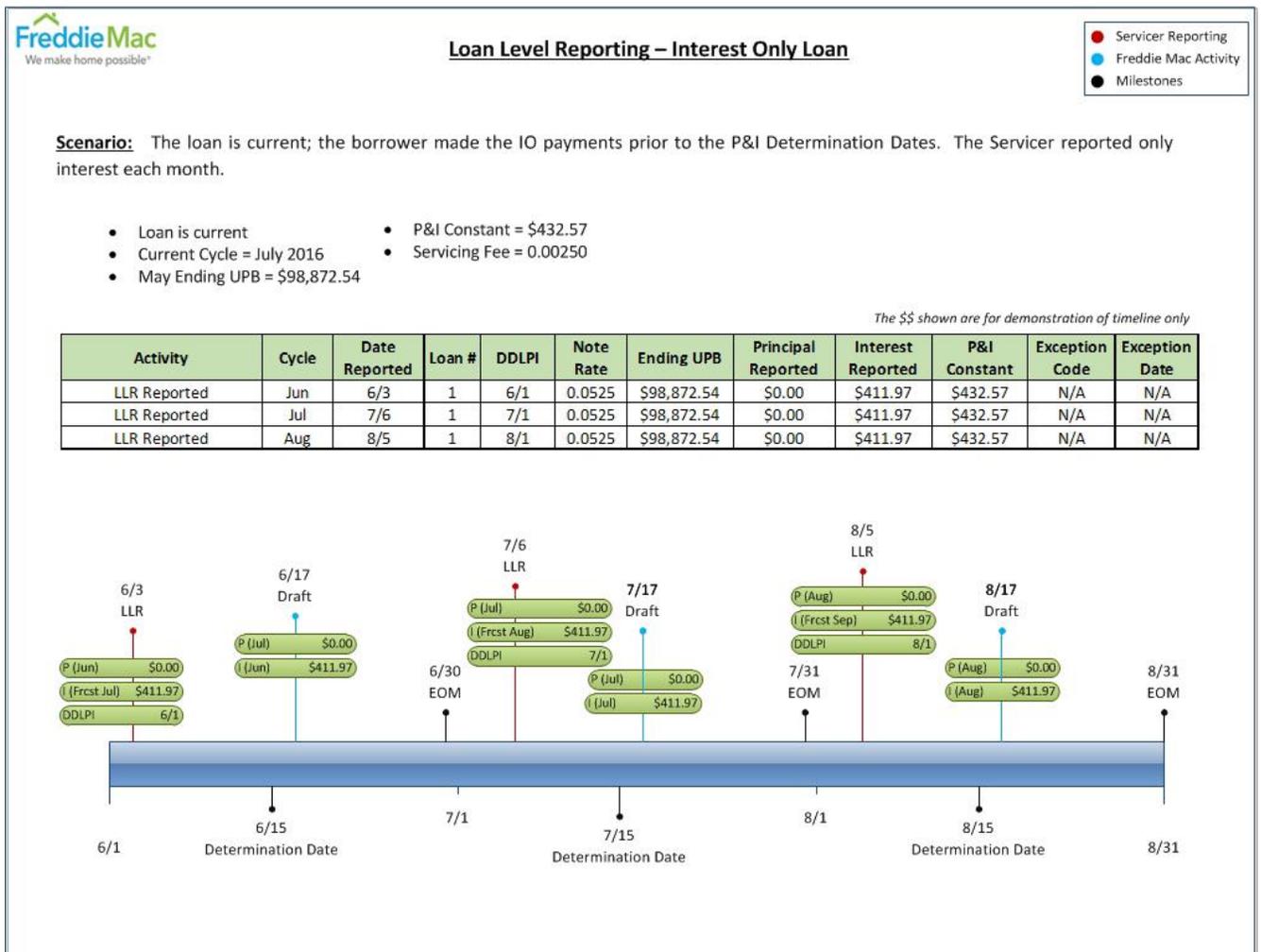
*The \$\$ shown are for demonstration of timeline only*

| Activity     | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported | Jul   | 7/6           | 1      | 9/1   | 0.0200    | \$94,455.99 | \$2,489.92         | \$137.75          | \$1,000.00   | N/A            | N/A            |
| LLR Reported | Aug   | 8/15          | 1      | 9/1   | 0.0200    | \$94,455.99 | \$0.00             | \$216.46*         | \$1,000.00   | N/A            | N/A            |
| LLR Reported | Sept  | 9/15          | 1      | 9/1   | 0.0300    | \$94,455.99 | \$0.00             | \$216.46          | \$1,050.00   | N/A            | N/A            |



### III. Initial Interest Mortgages (Interest Only (IO) Loans)

#### A. Illustration C.1



## B. Illustration C.2



### Loan Level Reporting – Interest Only Loan With Curtailment

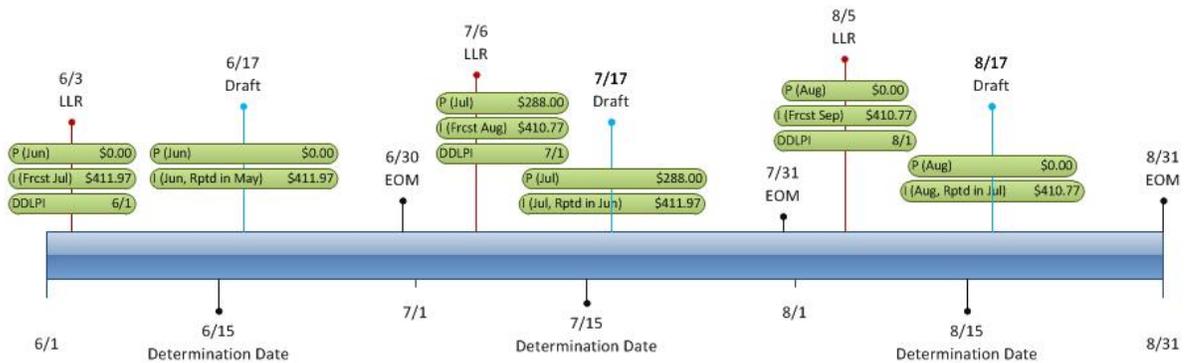
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the June P&I Determination Date, Borrower made the monthly interest payment as expected. The Servicer reported the July forecasted interest on 6/3. Prior to the July P&I Determination Date, Borrower made the expected interest payment plus a principal curtailment of \$288. On 7/6, the Servicer reported the curtailment and the August forecasted interest. On 7/17, the curtailment and the July interest (forecasted in June) were drafted.

- Loan is current
- Current Cycle = July 2016
- May Ending UPB = \$98,872.54
- P&I Constant = \$432.57
- Servicing Fee = 0.00250

*The \$\$ shown are for demonstration of timeline only*

| Activity     | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported | Jun   | 6/3           | 1      | 6/1   | 0.0525    | \$98,872.54 | \$0.00             | \$411.97          | \$432.57     | N/A            | N/A            |
| LLR Reported | Jul   | 7/6           | 1      | 7/1   | 0.0525    | \$98,584.54 | \$288.00           | \$410.77          | \$431.31     | N/A            | N/A            |
| LLR Reported | Aug   | 8/5           | 1      | 8/1   | 0.0525    | \$98,584.54 | \$0.00             | \$410.77          | \$431.31     | N/A            | N/A            |



### C. Illustration C.3



#### Loan Level Reporting – Interest Only Loan With Curtailment Reversal (Current Loan)

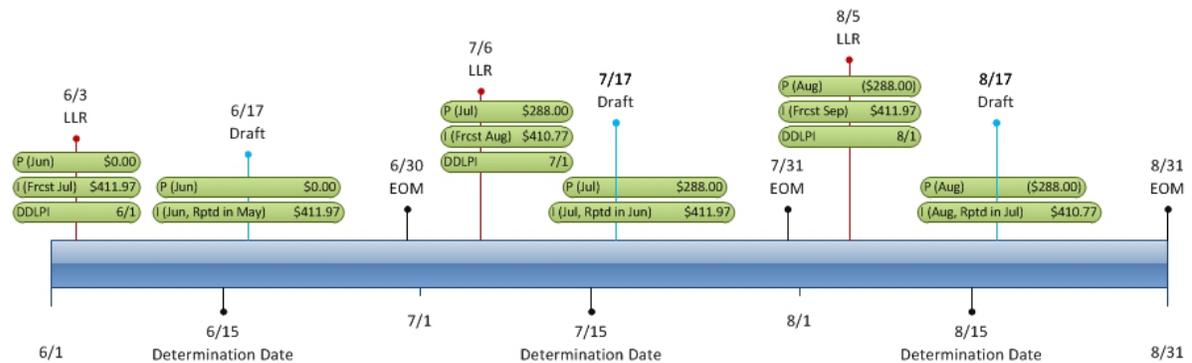
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, Borrower made the monthly interest payment and a \$288 principal curtailment. On 7/6, The Servicer reported the curtailment and the August forecasted interest. On 7/17, the curtailment and the July interest (forecasted in June) were drafted. In August, prior to the P&I Determination Date, Borrower made the monthly interest payment and notified the Servicer to reverse the principal curtailment. On 8/5, the Servicer reported negative principal (-\$288) and the forecasted interest for September based on revised ending balance (\$98,872.54). On 8/17, the August interest (reported in July) net of the negative principal reduction was drafted.

- Loan is current
- Current Cycle = July 2016
- May Ending UPB = \$98,872.54
- P&I Constant = \$432.57
- Servicing Fee = 0.00250

*The \$\$ shown are for demonstration of timeline only*

| Activity     | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported | Jun   | 6/3           | 1      | 6/1   | 0.0525    | \$98,872.54 | \$0.00             | \$411.97          | \$432.57     | N/A            | N/A            |
| LLR Reported | Jul   | 7/6           | 1      | 7/1   | 0.0525    | \$98,584.54 | \$288.00           | \$410.77          | \$431.31     | N/A            | N/A            |
| LLR Reported | Aug   | 8/5           | 1      | 8/1   | 0.0525    | \$98,872.54 | -\$288.00          | \$411.97          | \$432.57     | 80             | N/A            |



## D. Illustration C.4



### Loan Level Reporting – Delinquent Interest Only Loan Inactivation

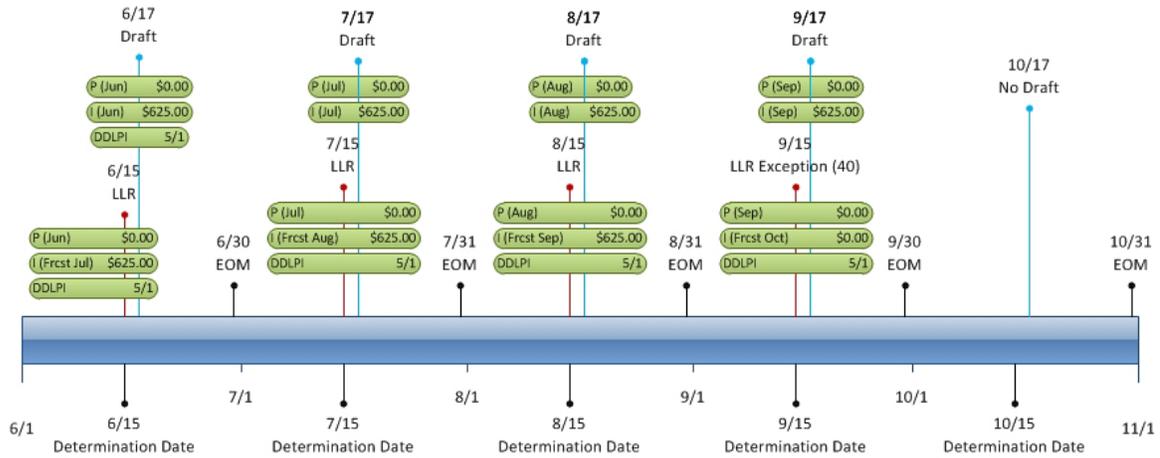
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Borrower made no payments in June, July, August, September, and October. The Servicer advanced the interest for June through September (four months). The IO Period expired in August. On 9/15, the Servicer reported code 40 to inactivate the loan. The Servicer stopped advancing interest after the September payment (forecasted in August). No payments were reported or drafted in October.

- Loan is Delinquent
- Current Cycle = July 2016
- May Ending UPB = \$150,000
- Servicing Fee = 0.00250
- P&I Constant in IO Period = \$656.25
- End of Interest Only Period Date = 08/01
- P&I Constant at the End of Interest Only Period = \$1,200

*The \$\$ shown are for demonstration of timeline only*

| Activity     | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported | Jun   | 6/15          | 1      | 5/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$656.25     | N/A            | N/A            |
| LLR Reported | Jul   | 7/15          | 1      | 5/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$656.25     | N/A            | N/A            |
| LLR Reported | Aug   | 8/15          | 1      | 5/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$1,200.00   | N/A            | N/A            |
| LLR Reported | Sep   | 9/15          | 1      | 5/1   | 0.0525    | \$150,000.00 | \$0.00             | \$0.00            | \$1,200.00   | 40             | N/A            |
| LLR Reported | Oct   | 10/15         | 1      | 5/1   | 0.0525    | \$150,000.00 | \$0.00             | \$0.00            | \$1,200.00   | N/A            | N/A            |



## E. Illustration C.5



### Loan Level Reporting – Interest Only Loan AFTER IO Expiration Date (Current)

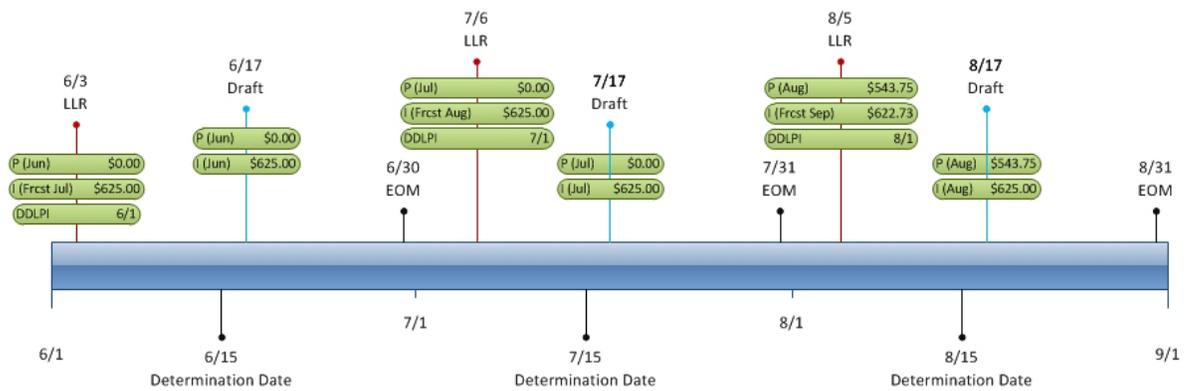
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The IO period expired in August. Prior to the August P&I Determination Date, Borrower made the first \$1,200 P&I payment. On 8/5, the Servicer reported monthly principal for August and forecasted interest for September. On 8/17, the August principal and August interest (forecasted in July) were drafted.

- Loan is Current
- Current Cycle = August 2016
- May Ending UPB = \$150,000.00
- Servicing Fee = 0.00250
- P&I Constant in Interest Only Period = \$656.25
- End of Interest Only Period Date = 08/01
- P&I Constant at the end of Interest Only Period = \$1,200.00

*The \$\$ shown are for demonstration of timeline only*

| Activity     | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported | Jun   | 6/3           | 1      | 6/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$656.25     | N/A            | N/A            |
| LLR Reported | Jul   | 7/6           | 1      | 7/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$656.25     | N/A            | N/A            |
| LLR Reported | Aug   | 8/5           | 1      | 8/1   | 0.0525    | \$149,456.25 | \$543.75           | \$622.73          | \$1,200.00   | N/A            | N/A            |



## F. Illustration C.6



### Loan Level Reporting – Interest Only Loan AFTER IO Expiration Date (Delinquent)

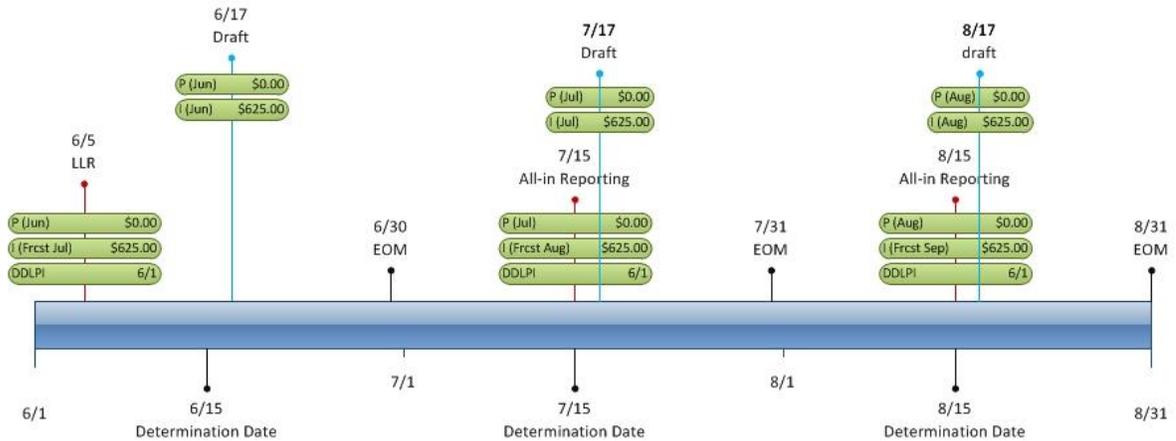
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Borrower did not make any payments since June. In June and July the servicer reported the advanced forecasted interest. The IO only period ended on 8/1. On 8/5, the Servicer reported \$0 principal and advanced forecasted interest of \$625 for September. The P&I changed in August.

- Loan is Delinquent
- Current Cycle = August 2016
- May Ending UPB = \$150,000.00
- Servicing Fee = 0.00250
- P&I Constant in Interest Only Period = \$656.25
- End of Interest Only Period Date = 08/01
- P&I Constant at the end of Interest Only Period = \$1,200.00

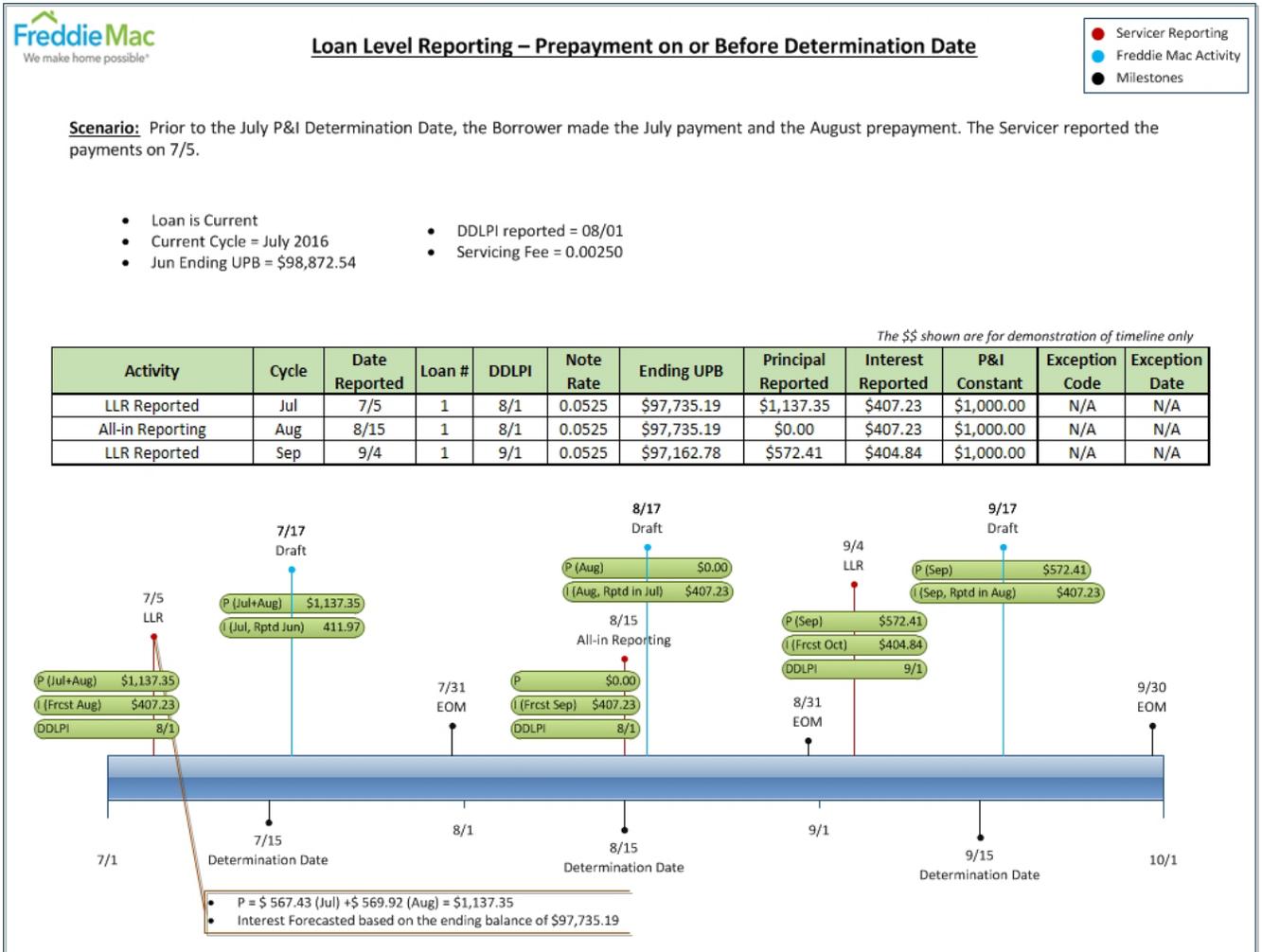
*The \$\$ shown are for demonstration of timeline only*

| Activity         | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported     | Jun   | 6/5           | 1      | 6/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$656.25     | N/A            | N/A            |
| All-in Reporting | Jul   | 7/15          | 1      | 6/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$656.25     | N/A            | N/A            |
| All-in Reporting | Aug   | 8/15          | 1      | 6/1   | 0.0525    | \$150,000.00 | \$0.00             | \$625.00          | \$1,200.00   | N/A            | N/A            |



## IV. Prepayment

### A. Illustration D.1



## B. Illustration D.2



### Loan Level Reporting – Prepayment Received After Determination Date

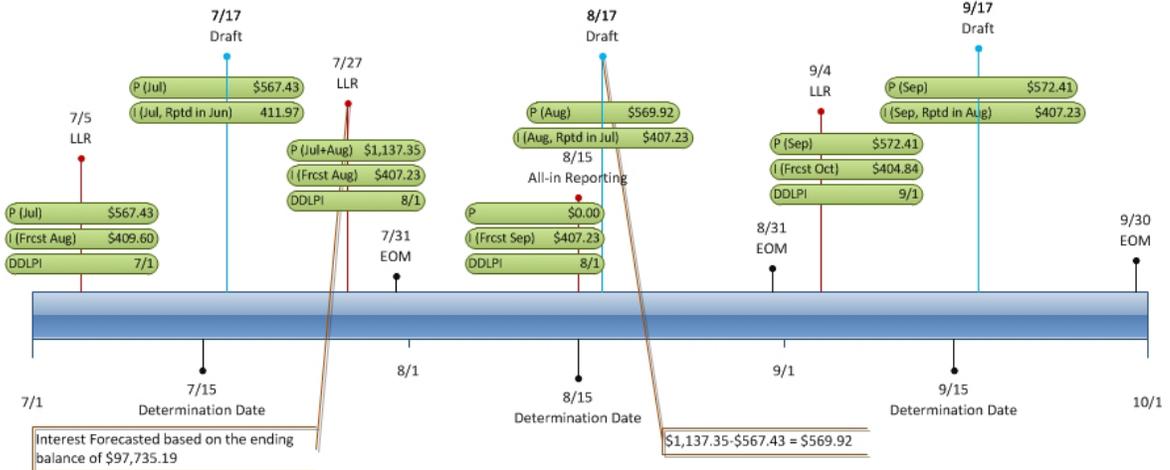
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the P&I Determination Date, the Borrower made the regular monthly (July) payment which was reported by the Servicer on 7/5 and drafted by Freddie Mac on 7/17. Subsequently the Borrower made the August payment early and the Servicer reported it on 7/27. Adjustments were made in August to account for the prepayment.

- Loan is Current
- Current Cycle = July 2016
- Jun Ending UPB = \$98,872.54
- Servicing Fee = 0.00250
- DDLPI reported = 08/01
- Ending UPB = \$97,735.19

*The \$\$ shown are for demonstration of timeline only*

| Activity                              | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|---------------------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported                          | Jul   | 7/5           | 1      | 7/1   | 0.0525    | \$98,305.11 | \$567.43           | \$409.60          | \$1,000.00   | N/A            | N/A            |
| LLR Reported - REVISION (with prepay) | Jul   | 7/27          | 1      | 8/1   | 0.0525    | \$97,735.19 | \$1,137.35         | \$407.23          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting                      | Aug   | 8/15          | 1      | 8/1   | 0.0525    | \$97,735.19 | \$0.00             | \$407.23          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                          | Sep   | 9/4           | 1      | 9/1   | 0.0525    | \$97,162.78 | \$572.41           | \$404.84          | \$1,000.00   | N/A            | N/A            |



### C. Illustration D.3



#### Loan Level Reporting – Prepayment Revised After Determination Date

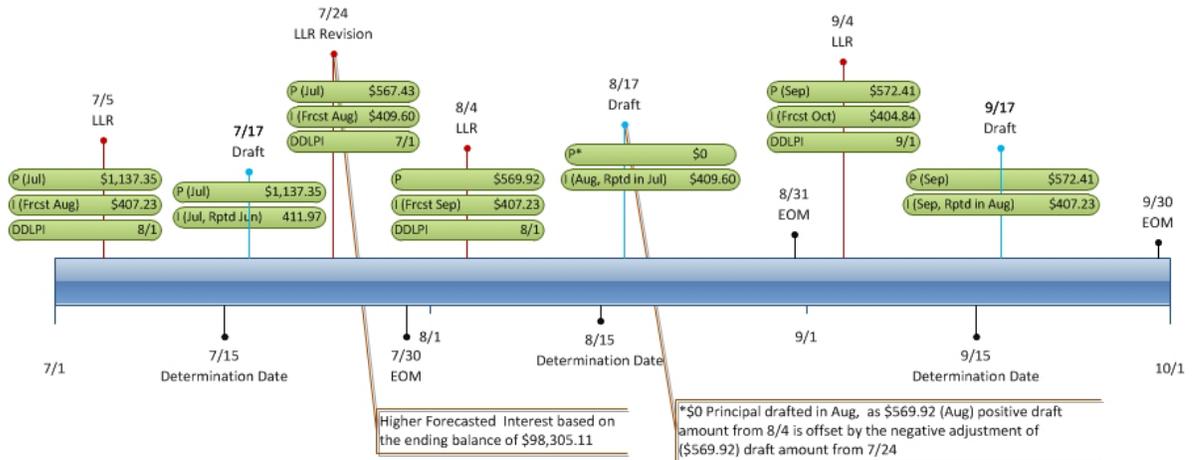
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, the Borrower made the July payment and prepaid August. The Servicer reported the payment on 7/5. Freddie Mac drafted the payment on 7/17. Subsequently, the Borrower notified the Servicer that the prepayment was made by mistake. The Servicer revised the transaction on 7/24 to report only the July payment. Adjustments were made in August to account for the prepayment that was drafted in July.

- Loan is Current
- Current Cycle = July 2016
- Jun Ending UPB = \$98,872.54
- Ending UPB = \$98,305.11
- Servicing Fee = 0.00250

*The \$\$ shown are for demonstration of timeline only*

| Activity                          | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|-----------------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported                      | Jul   | 7/5           | 1      | 8/1   | 0.0525    | \$97,735.19 | \$1,137.35         | \$407.23          | \$1,000.00   | N/A            | N/A            |
| LLR REVISION:<br>(without prepay) | Jul   | 7/24          | 1      | 7/1   | 0.0525    | \$98,305.11 | \$567.43           | \$409.60          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                      | Aug   | 8/4           | 1      | 8/1   | 0.0525    | \$97,735.19 | \$569.92           | \$407.23          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                      | Sep   | 9/4           | 1      | 9/1   | 0.0525    | \$97,162.78 | \$572.41           | \$404.84          | \$1,000.00   | N/A            | N/A            |



## D. Illustration D.4



### Loan Level Reporting – Prepayment and Curtailment Without Recast

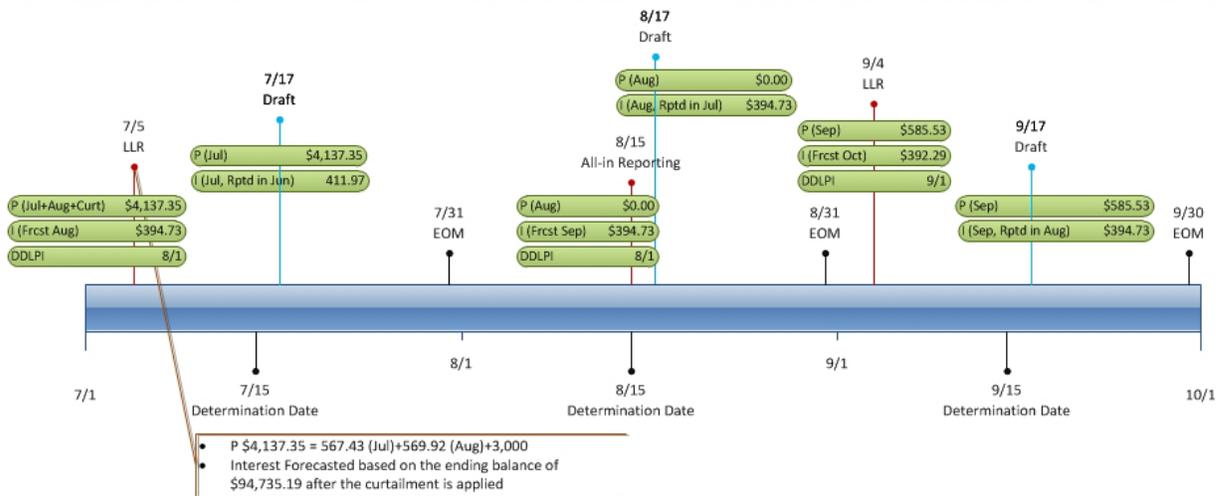
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, the Borrower made the July and August payments plus a \$3,000 curtailment without a recast. The Servicer reported the payments on 7/5.

- Loan is Current
- Current Cycle = July 2016
- Jun Ending UPB = \$98,872.54
- Servicing Fee = 0.00250
- DDLPI reported = 08/01
- Curtailment = \$3,000
- Ending UPB = \$94,735.19

*The \$\$ shown are for demonstration of timeline only*

| Activity                    | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|-----------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported w/ Curtailment | Jul   | 7/5           | 1      | 8/1   | 0.0525    | \$94,735.19 | \$4,137.35         | \$394.73          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting            | Aug   | 8/15          | 1      | 8/1   | 0.0525    | \$94,735.19 | \$0.00             | \$394.73          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                | Sep   | 9/4           | 1      | 9/1   | 0.0525    | \$94,149.66 | \$585.53           | \$392.29          | \$1,000.00   | N/A            | N/A            |



## E. Illustration D.5



### Loan Level Reporting – Prepayment and Curtailment With Recast

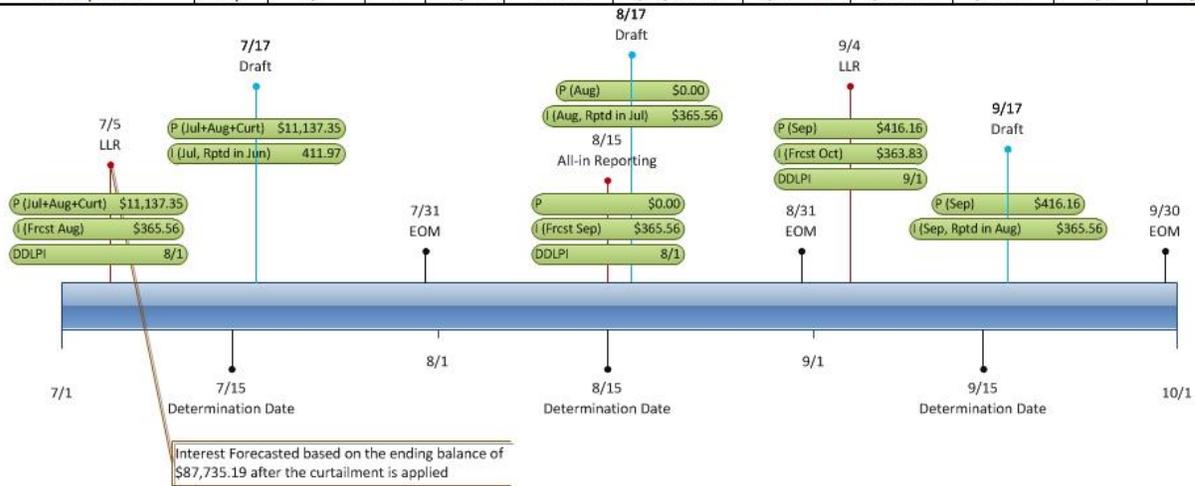
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, the Borrower made the July and August payments plus a \$10,000 curtailment with a recast. On 7/5, the Servicer reported the payments. The Servicer reported a new P&I Constant in August.

- Loan is Current
- Current Cycle = July 2016
- Jun Ending UPB = \$98,872.54
- Curtailment = \$10,000
- Ending UPB = \$87,735.19
- P&I Constant before Recast = \$1000
- P&I Constant after Recast = \$800
- Servicing Fee = 0.00250

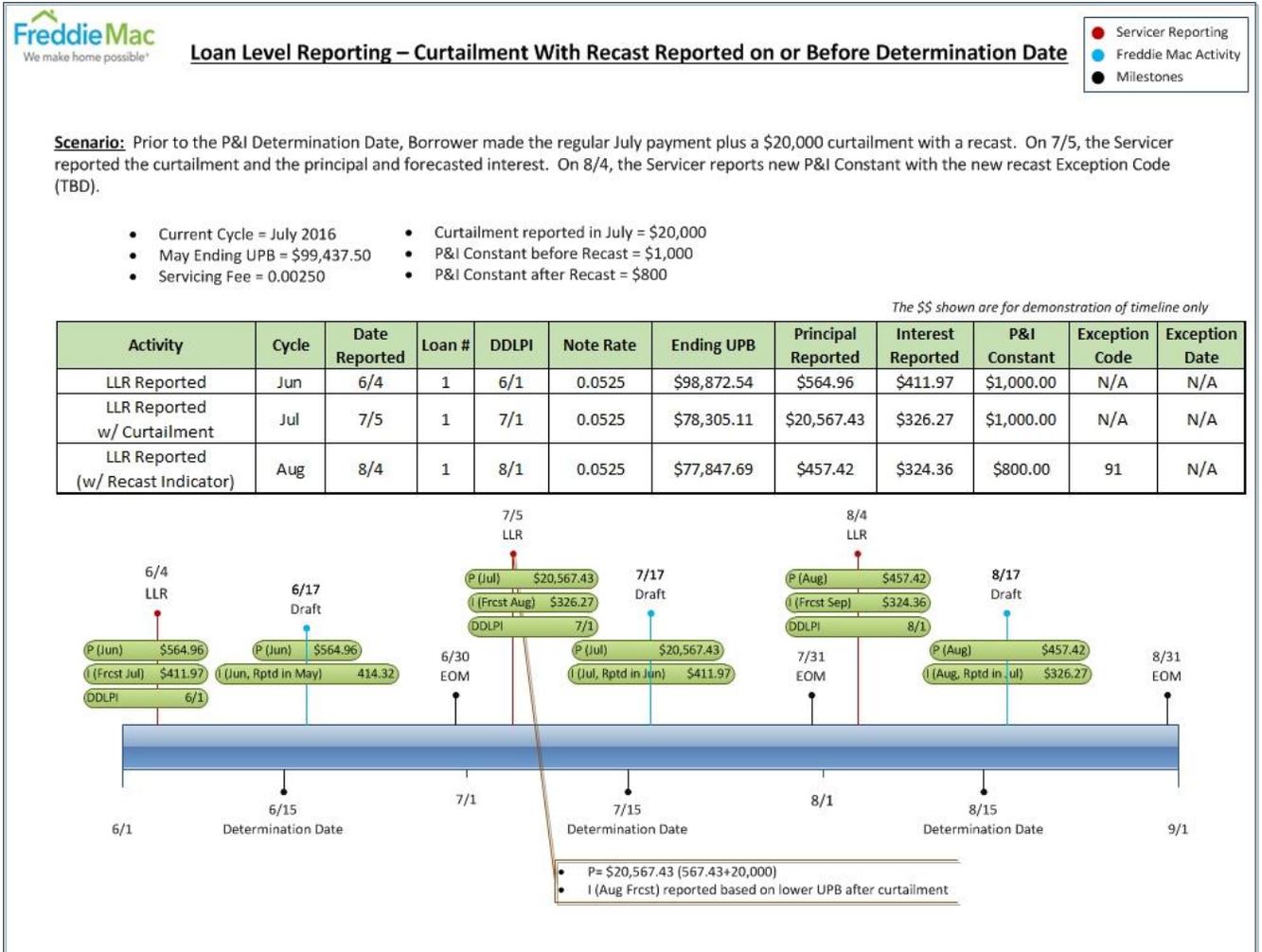
*The \$\$ shown are for demonstration of timeline only*

| Activity                             | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported w/ Curtailment          | Jul   | 7/5           | 1      | 8/1   | 0.0525    | \$87,735.19 | \$11,137.35        | \$365.56          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting w/ Recast Indicator | Aug   | 8/15          | 1      | 8/1   | 0.0525    | \$87,735.19 | \$0.00             | \$365.56          | \$800.00     | 91             | N/A            |
| LLR Reported                         | Sep   | 9/4           | 1      | 9/1   | 0.0525    | \$87,319.03 | \$416.16           | \$363.83          | \$800.00     | N/A            | N/A            |



## V. Curtailments

### A. Illustration E.1



## B. Illustration E.2



### Loan Level Reporting – Curtailment With Recast Reported After P&I Determination Date

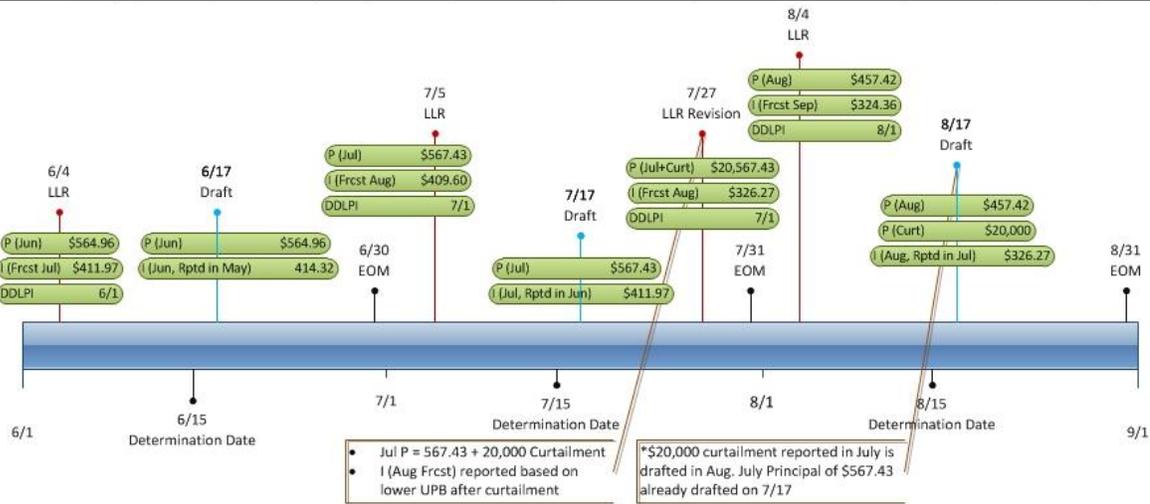
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, Borrower made the July payment. The Servicer reported the payment on 7/5. After the July P&I Determination Date, Borrower made a curtailment of \$20,000. On 7/27 (after July draft), the Servicer submitted a revised transaction which included the curtailment. Prior to the August P&I Determination Date, Borrower made the new monthly payment. On 8/4, Servicer reported the recast code (TBD) along with the new principal payment and forecasted interest for September. The P&I changed in August.

- Current Cycle = July 2016
- May Ending UPB = \$99,437.50
- Servicing Fee = 0.00250
- Curtailment reported in July = \$20,000
- P&I Constant before Recast = \$1,000
- P&I Constant after Recast = \$800

The \$\$ shown are for demonstration of timeline only

| Activity                              | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|---------------------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported                          | Jun   | 6/4           | 1      | 6/1   | 0.0525    | \$98,872.54 | \$564.96           | \$411.97          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                          | Jul   | 7/5           | 1      | 7/1   | 0.0525    | \$98,305.11 | \$567.43           | \$409.60          | \$1,000.00   | N/A            | N/A            |
| LLR Reported -REVISION w/ Curtailment | Jul   | 7/27          | 1      | 7/1   | 0.0525    | \$78,305.11 | \$20,567.43        | \$326.27          | \$1,000.00   | N/A            | N/A            |
| LLR Reported (w/ Recast Indicator)    | Aug   | 8/4           | 1      | 8/1   | 0.0525    | \$77,847.69 | \$457.42           | \$324.36          | \$800.00     | 91             | N/A            |



### C. Illustration E.3



#### Loan Level Reporting – Curtailment Without Recast Reported Before P&I Determination Date

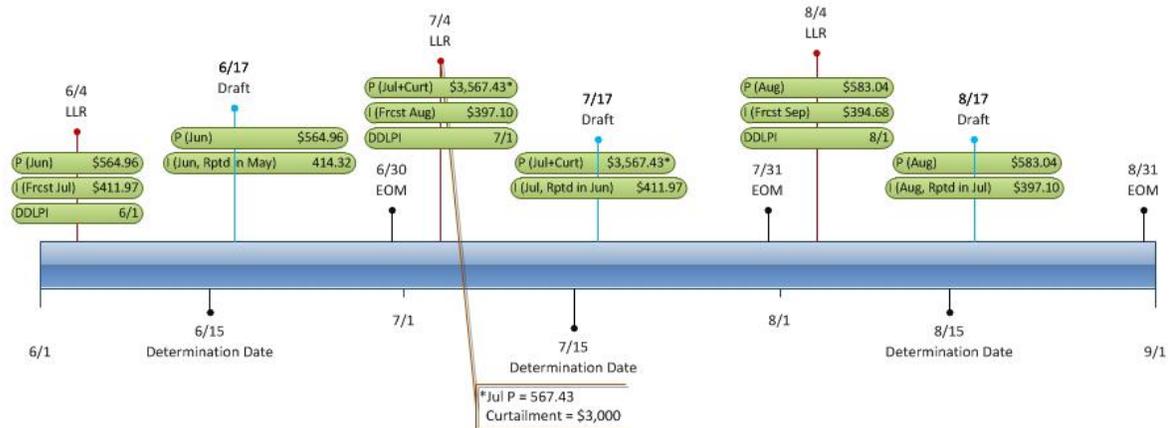
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, Borrower made the July payment and a \$3,000 curtailment without a recast. On 7/4, the Servicer reported the payment and the curtailment. The \$3,000 curtailment was drafted in July in addition to the reported principal of \$567.43.

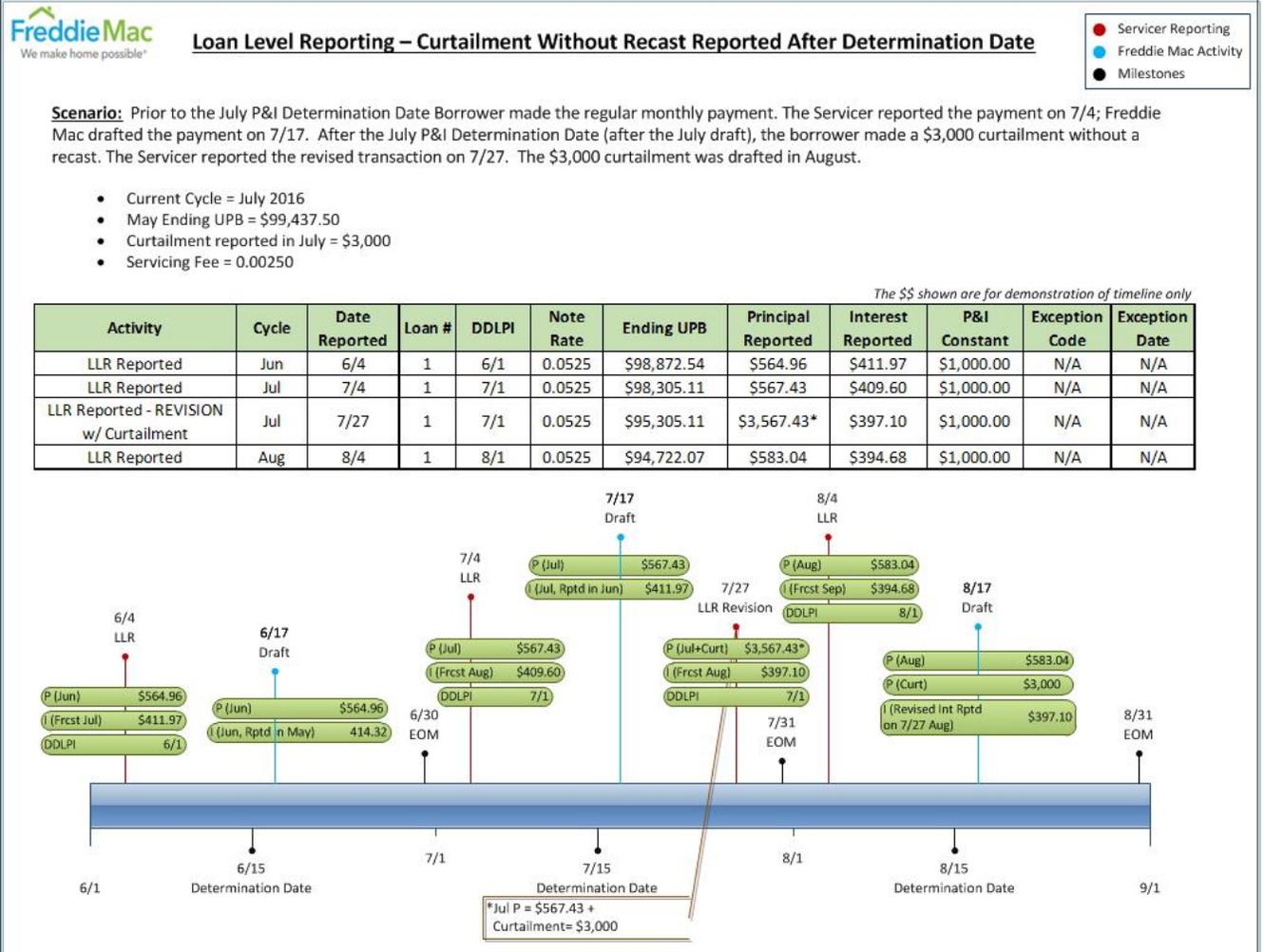
- Current Cycle = July 2016
- May Ending UPB = \$99,437.50
- Curtailment reported in July = \$3,000
- Servicing Fee = 0.00250

*The \$\$ shown are for demonstration of timeline only*

| Activity                    | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|-----------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported                | Jun   | 6/4           | 1      | 6/1   | 0.0525    | \$98,872.54 | \$564.96           | \$411.97          | \$1,000.00   | N/A            | N/A            |
| LLR Reported w/ Curtailment | Jul   | 7/4           | 1      | 7/1   | 0.0525    | \$95,305.11 | \$3,567.43*        | \$397.10          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                | Aug   | 8/4           | 1      | 8/1   | 0.0525    | \$94,722.07 | \$583.04           | \$394.68          | \$1,000.00   | N/A            | N/A            |

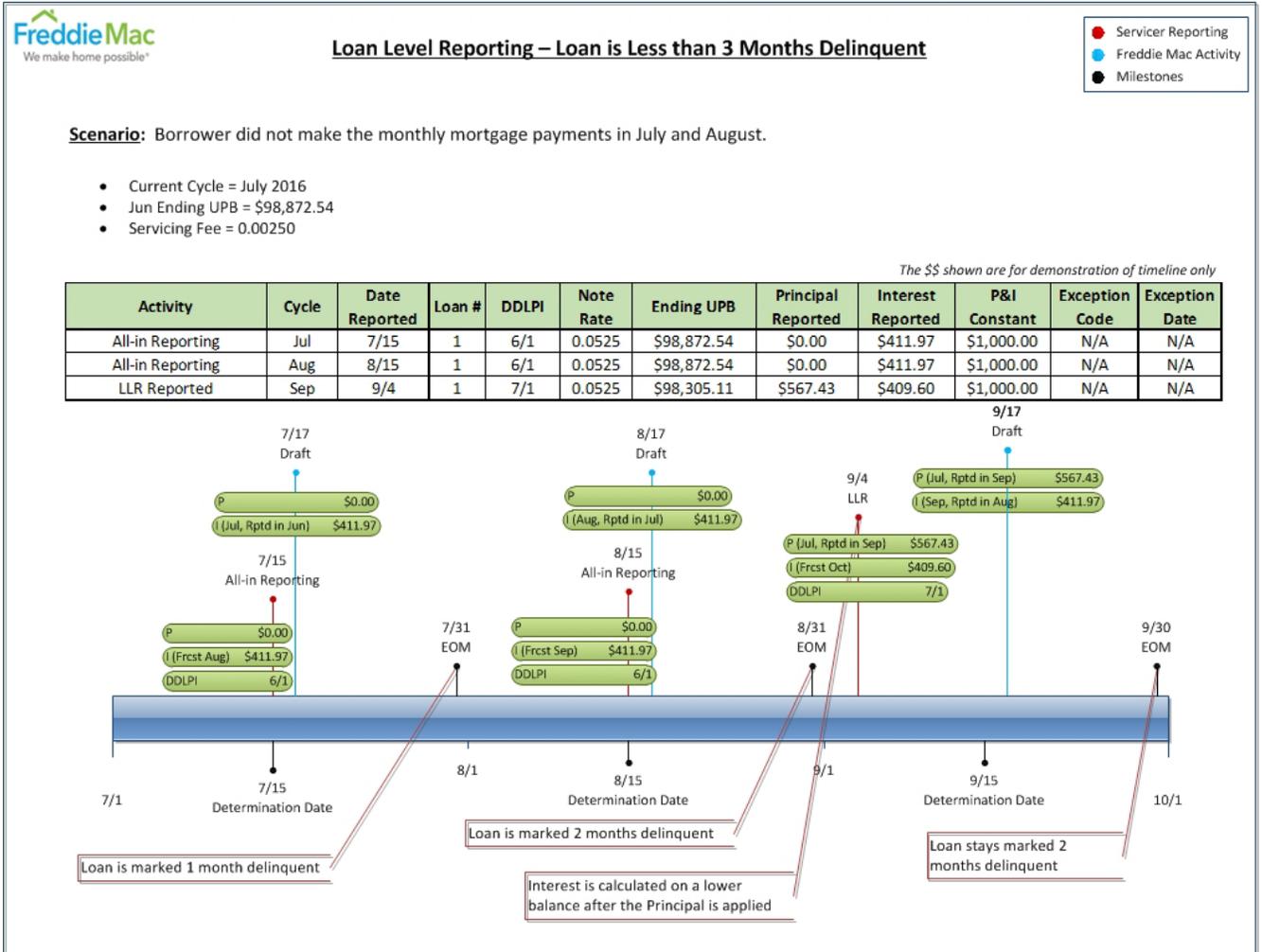


## D. Illustration E.4

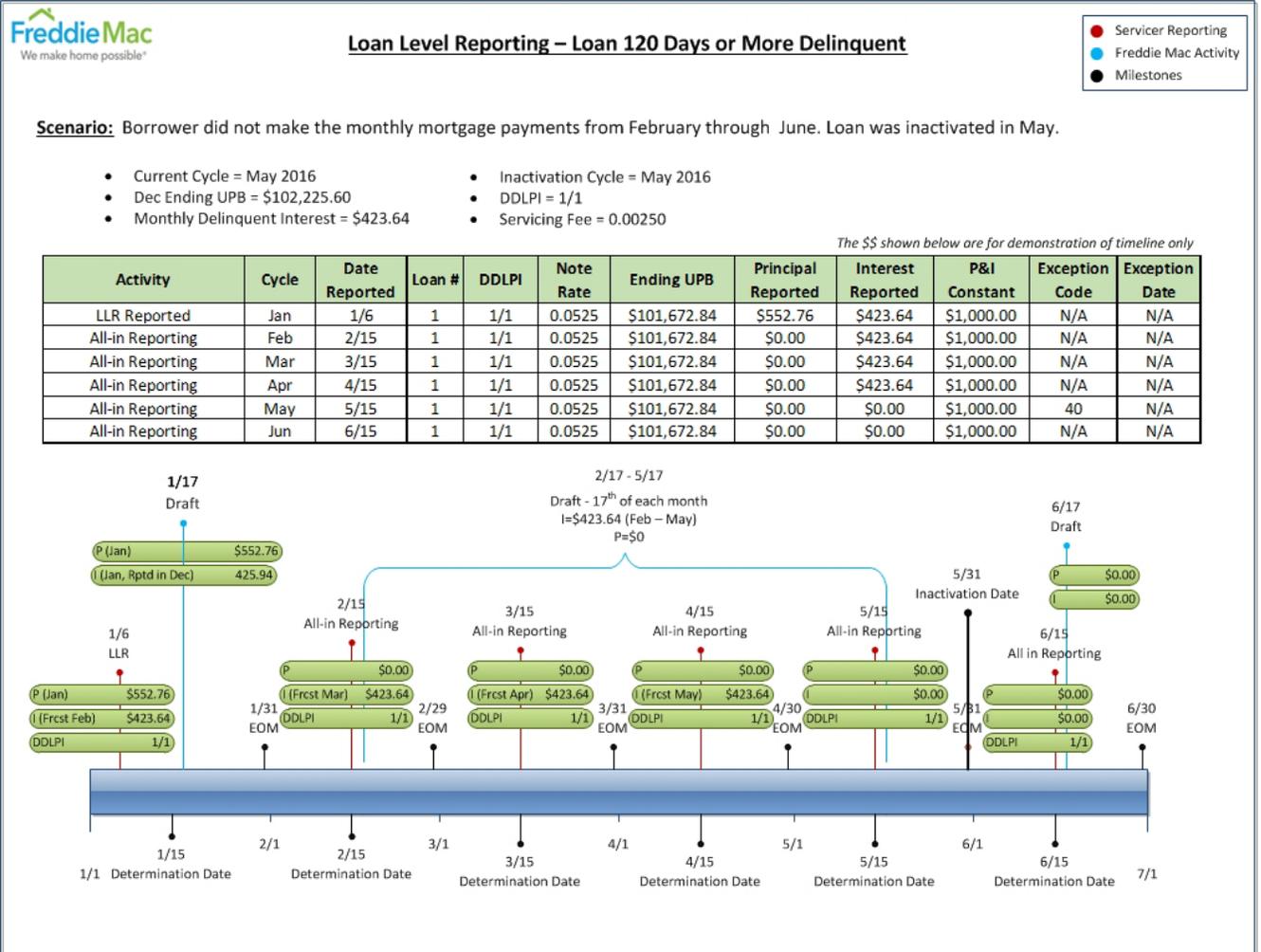


## VI. Delinquency Reporting

### A. Illustration F.1

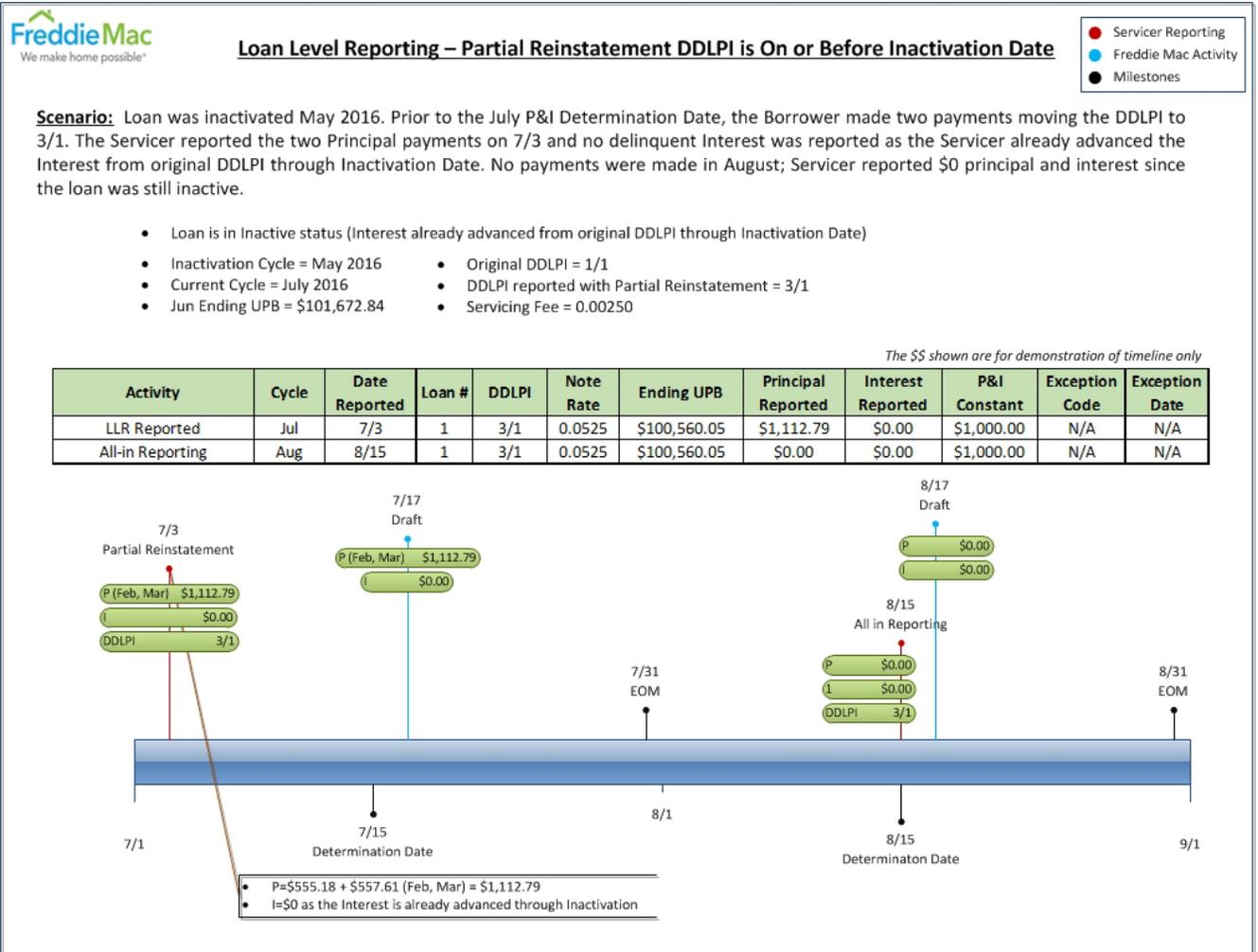


## B. Illustration F.2



## VII. Partial Reinstatement

### A. Illustration G.1



## B. Illustration G.2



### Loan Level Reporting – Partial Reinstatement DDLPI is After Inactivation Date

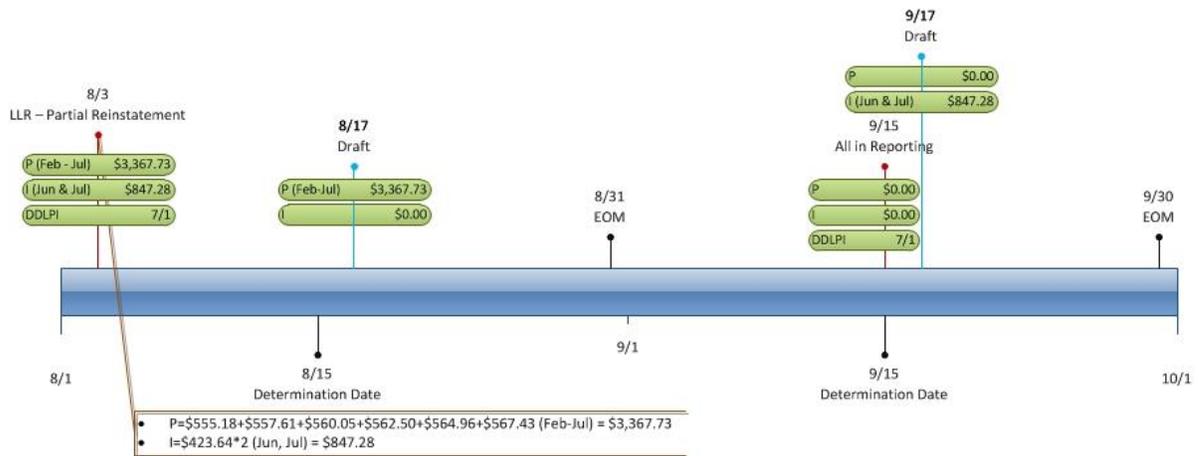
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Loan was inactivated May 2016. Prior to the August P&I Determination Date, the Borrower made six payments moving the DDLPI from 1/1 to 7/1. On 8/3, the Servicer reported the six principal payments and two delinquent interest payments (from inactivation date to July since the Servicer already advanced the interest from original DDLPI through Inactivation Date). No payments were made in September; Servicer reported \$0 principal and interest since the loan was still inactive.

- Loan is in Inactive status (Interest already advanced from original DDLPI through Inactivation Date)
- Inactivation Cycle = May 2016
- Current Cycle = August 2016
- Jun Ending UPB = \$101,672.84
- Original DDLPI = 1/1
- DDLPI reported with Partial Reinstatement = 7/1
- Monthly Delinquent Interest = \$423.64
- Servicing Fee = 0.00250

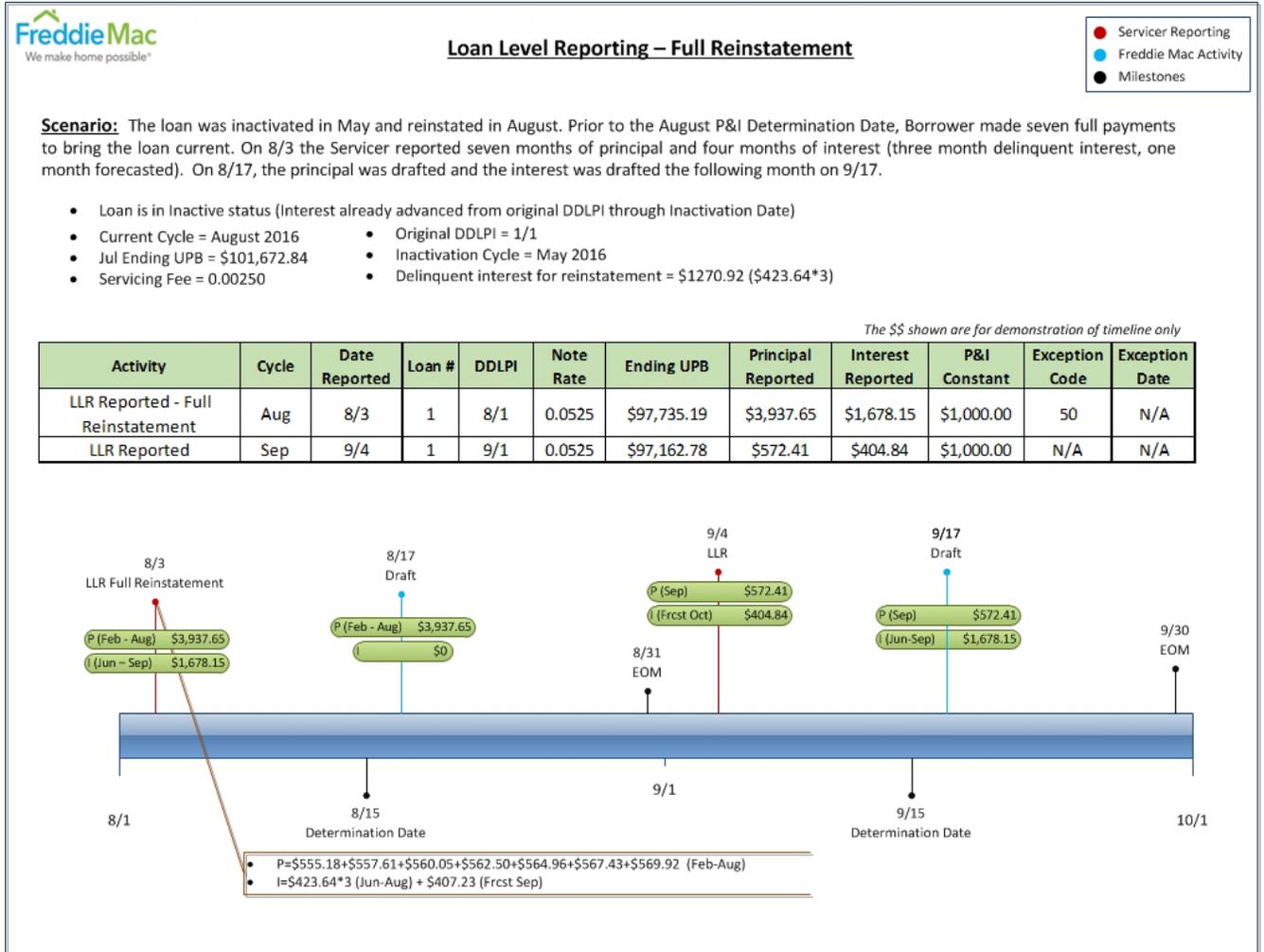
*The \$\$ shown are for demonstration of timeline only*

| Activity         | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported     | Aug   | 8/3           | 1      | 7/1   | 0.0525    | \$98,305.11 | \$3,367.73         | \$847.28          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting | Sep   | 9/15          | 1      | 7/1   | 0.0525    | \$98,305.11 | \$0.00             | \$0.00            | \$1,000.00   | N/A            | N/A            |



## VIII. Full Reinstatement

### A. Illustration H.1



## B. Illustration H.2



### Loan Level Reporting – Full Reinstatement With Prior Partial Reinstatement With DDLPI BEFORE Inactivation Date

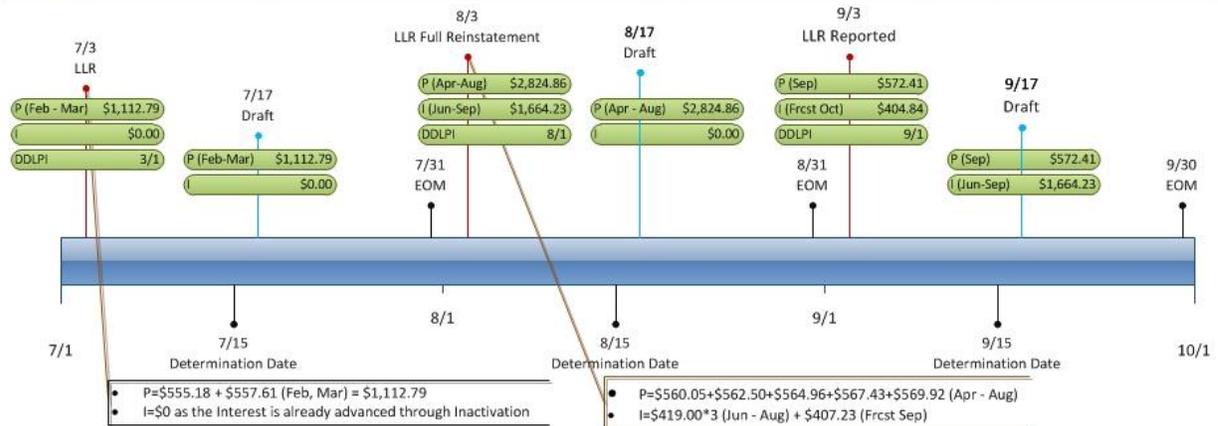
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The loan was inactivated in May. Prior to the July P&I Determination Date, Borrower made two payments (partial reinstatement). On 7/3, the Servicer reported two principal payments and \$0 interest (Servicer already advanced four months of interest). In August prior to the P&I Determination Date, Borrower brought the loan current by making five payments. On 8/3 the Servicer reported five months of principal and four months of interest (three months delinquent and one month forecasted for September). Prior to September P&I Determination date, Borrower made a full monthly payment. On 9/3 the Servicer reported one principal and interest payment.

- Loan is in Inactive status (Interest already advanced from original DDLPI through Inactivation Date)
- Current Cycle = July 2016
- Jun Ending UPB = \$101,672.84
- Servicing Fee = 0.00250
- Original DDLPI = 1/1
- Inactivation Cycle = May 2016
- Partial Reinstatement in July to move DDLPI to 3/1
- Delinquent interest for reinstatement = \$1257.00 (\$419.00\*3)

*The \$\$ shown are for demonstration of timeline only*

| Activity                             | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------------------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported - Partial Reinstatement | Jul   | 7/3           | 1      | 3/1   | 0.0525    | \$100,560.05 | \$1,112.79         | \$0.00            | \$1,000.00   | N/A            | N/A            |
| LLR Reported - Full Reinstatement    | Aug   | 8/3           | 1      | 8/1   | 0.0525    | \$97,735.19  | \$2,824.86         | \$1,664.23        | \$1,000.00   | 50             | N/A            |
| LLR Reported                         | Sep   | 9/3           | 1      | 9/1   | 0.0525    | \$97,162.78  | \$572.41           | \$404.84          | \$1,000.00   | N/A            | N/A            |



### C. Illustration H.3



#### Loan Level Reporting – Full Reinstatement With Prior Partial Reinstatement with DDLPI

##### AFTER Inactivation Date

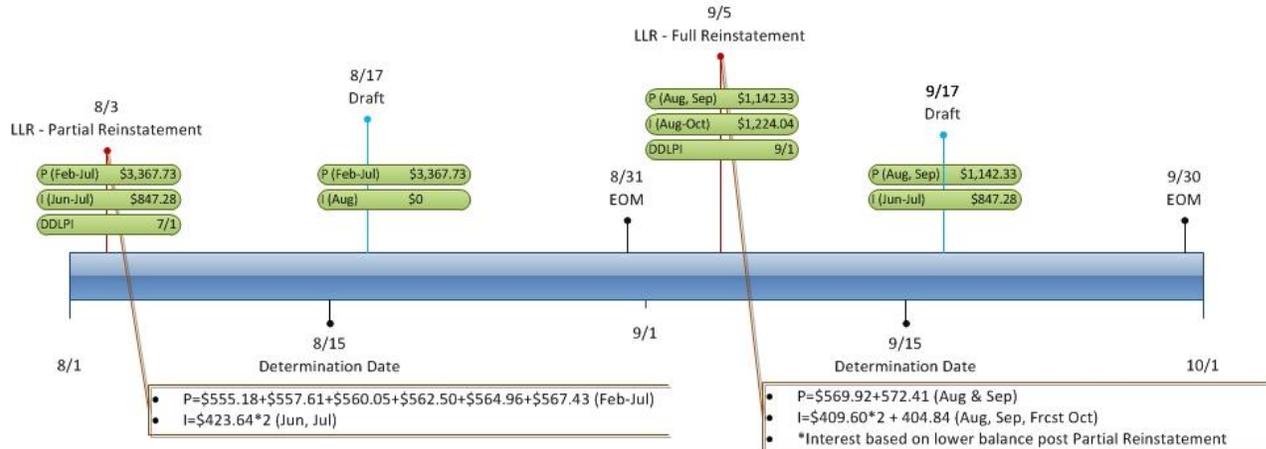
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the August P&I Determination Date, Borrower made six full payments to move the DDLPI to 7/1. On 8/3, the Servicer reported the six principal payments and two interest payments (four months of interest was already advanced). No interest was forecasted because the loan was still inactive. Prior to the September P&I Determination Date, the borrower brought the loan current. On 9/5 the Servicer fully reinstated the loan and reported a code 50 plus two principal payments and three interest payments (two delinquent interest payments and one payment forecasted for October).

- Loan is in Inactive status (Interest already advanced from DDLPI through Inactivation Date)
- Current Cycle = August 2016
- Jul Ending UPB = \$101,672.84
- Servicing Fee = 0.00250
- Original DDLPI = 1/1
- Inactivation Cycle = May 2016
- DDLPI reported with a prior partial reinstatement = 7/1
- Delinquent interest for reinstatement = \$819.20 (\$409.60\*2)

*The \$\$ shown are for demonstration of timeline only*

| Activity                          | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|-----------------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported                      | Aug   | 8/3           | 1      | 7/1   | 0.0525    | \$98,305.11 | \$3,367.73         | \$847.28          | \$1,000.00   | N/A            | N/A            |
| LLR Reported - Full Reinstatement | Sep   | 9/5           | 1      | 9/1   | 0.0525    | \$97,162.78 | \$1,142.33         | \$1,224.04        | \$1,000.00   | 50             | N/A            |



## D. Illustration H.4



### Loan Level Reporting – Full Reinstatement and Curtailment Without Recast

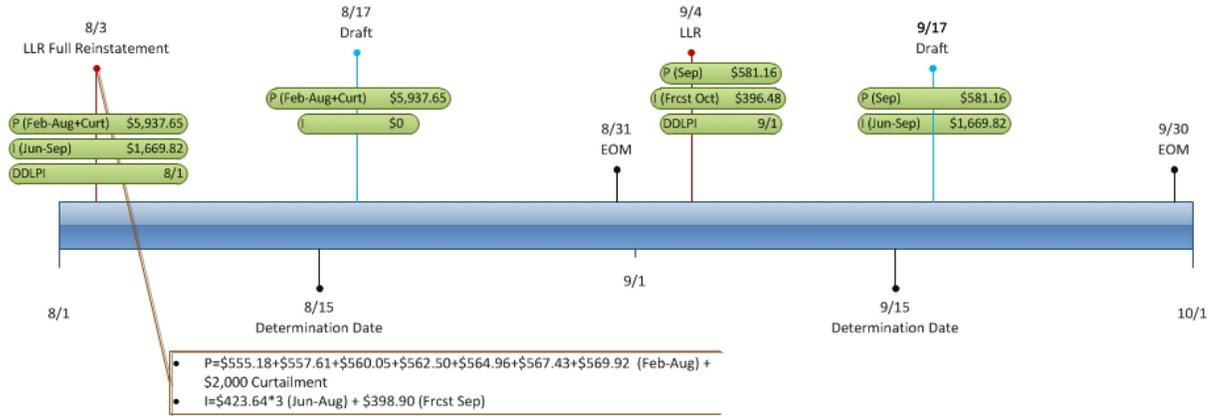
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The loan was inactivated in May and reinstated in August. Prior to the August P&I Determination Date, Borrower made seven full payments to bring the loan current plus a \$2000 curtailment. On 8/3 the Servicer has fully reinstated the loan by reporting code 50. Servicer also reported seven months of principal and four months of interest (three months delinquent and one month forecasted for September) and the curtailment. On 8/17 the principal was drafted; the interest was drafted on 9/17.

- Loan is in Inactive status (Interest already advanced from DDLPI through Inactivation Date)
- Current Cycle = August 2016
- Jul Ending UPB = \$101,672.84
- Original DDLPI = 1/1
- Inactivation Cycle = May 2016
- Monthly Delinquent Interest = \$423.64
- Curtailment Amount = \$2,000
- Servicing Fee = 0.00250

*The \$\$ shown are for demonstration of timeline only*

| Activity  | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|---|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported - Full Reinstatement + Curtailment | Aug   | 8/3           | 1      | 8/1   | 0.0525    | \$95,735.19 | \$5,937.65         | \$1,669.82        | \$1,000.00   | 50             | N/A            |
| LLR Reported                                    | Sep   | 9/4           | 1      | 9/1   | 0.0525    | \$95,154.03 | \$581.16           | \$396.48          | \$1,000.00   | N/A            | N/A            |



## E. Illustration H.5



### Loan Level Reporting – Full Reinstatement and Curtailment With Recast

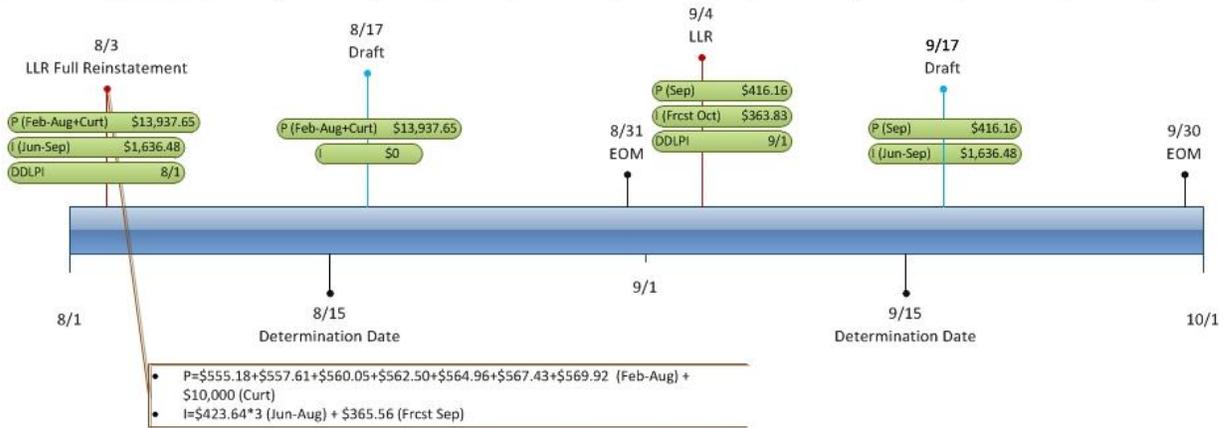
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The loan was inactivated in May and reinstated in August. Prior to the August P&I Determination Date, Borrower made seven full payments to bring the loan current plus a \$10,000 curtailment with recast. On 8/3, the Servicer fully reinstated by reporting a code 50. Servicer also reported seven months of principal plus the \$10,000 curtailment (with recast) and four months of interest (three months delinquent + one month forecast). The P&I changed in September and Servicer reports the recast code.

- Loan is in Inactive status (interest already advanced from DDLPI through Inactivation Date)
- Current Cycle = August 2016
- Jul Ending UPB = \$101,672.84
- Original DDLPI = 1/1
- Inactivation Cycle = May 2016
- Monthly Delinquent Interest = \$423.64
- Curtailment Amount = \$10,000
- Servicing Fee = 0.00250

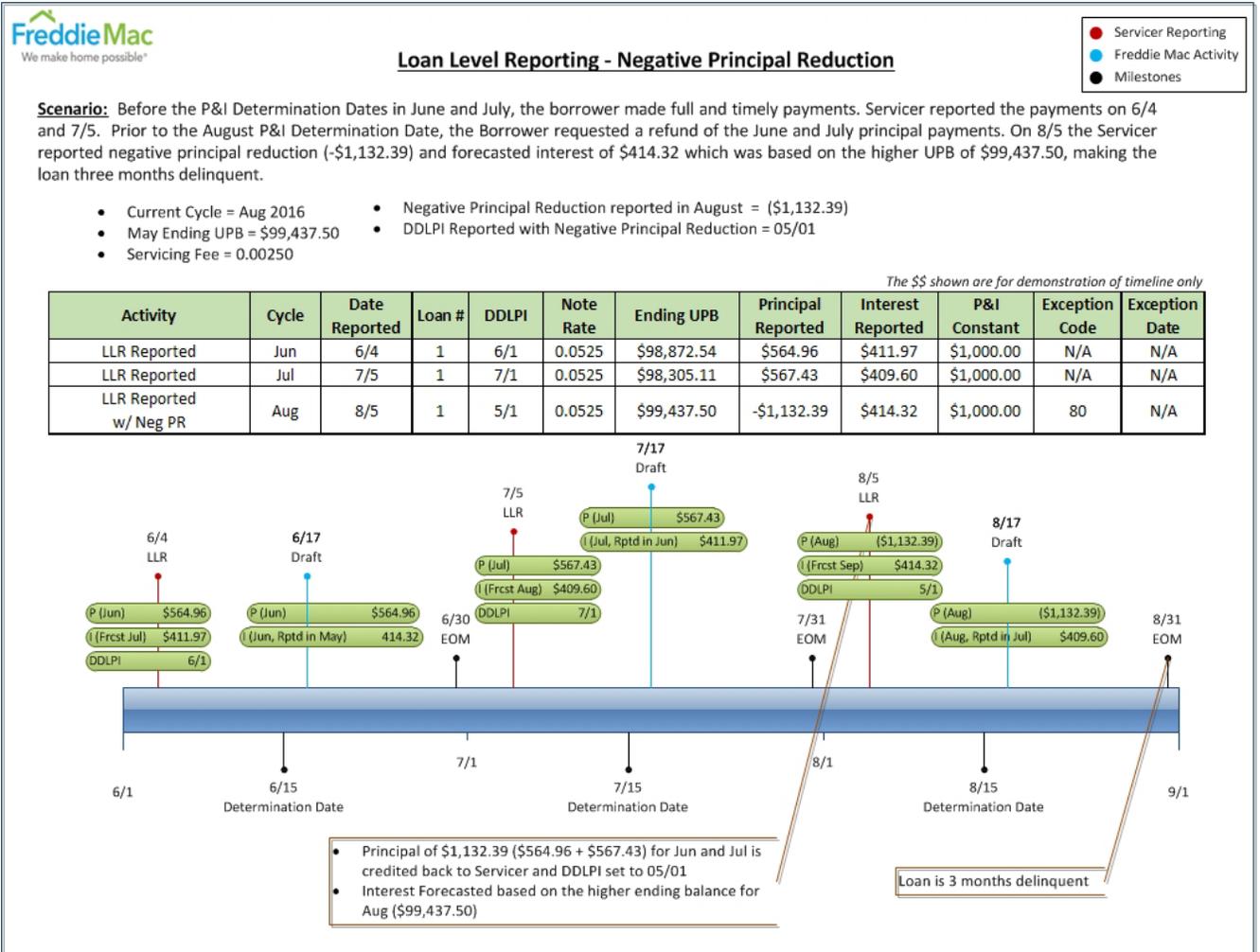
*The \$\$ shown are for demonstration of timeline only*

| Activity  | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|---|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported - Full Reinstatement + Curtailment | Aug   | 8/3           | 1      | 8/1   | 0.0525    | \$87,735.19 | \$13,937.65        | \$1,636.48        | \$1,000.00   | 50             | N/A            |
| LLR Reported w/ Recast Indicator                | Sep   | 9/4           | 1      | 9/1   | 0.0525    | \$87,319.03 | \$416.16           | \$363.83          | \$800.00     | 91             | N/A            |



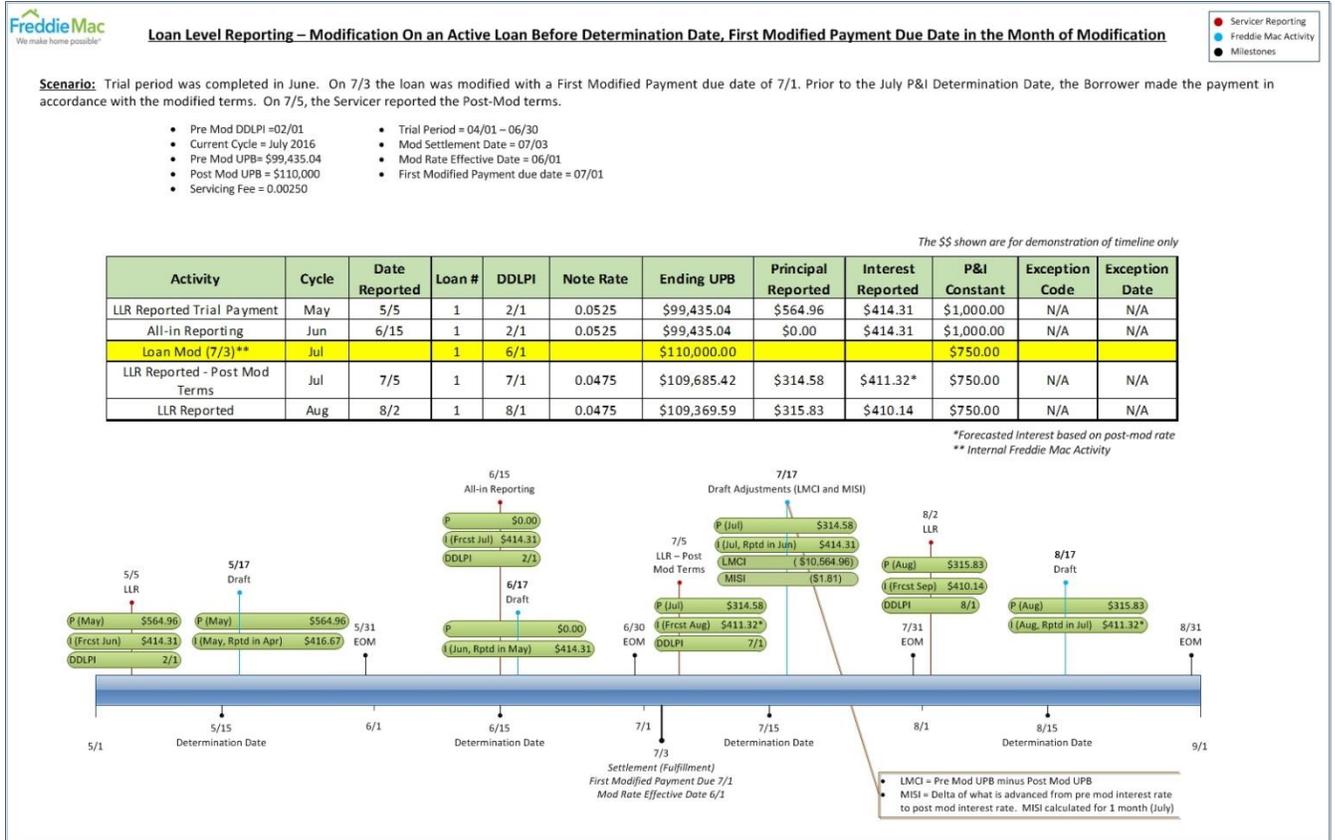
# IX. Negative Principal Reduction/Balance Correction

## A. Illustration I.1

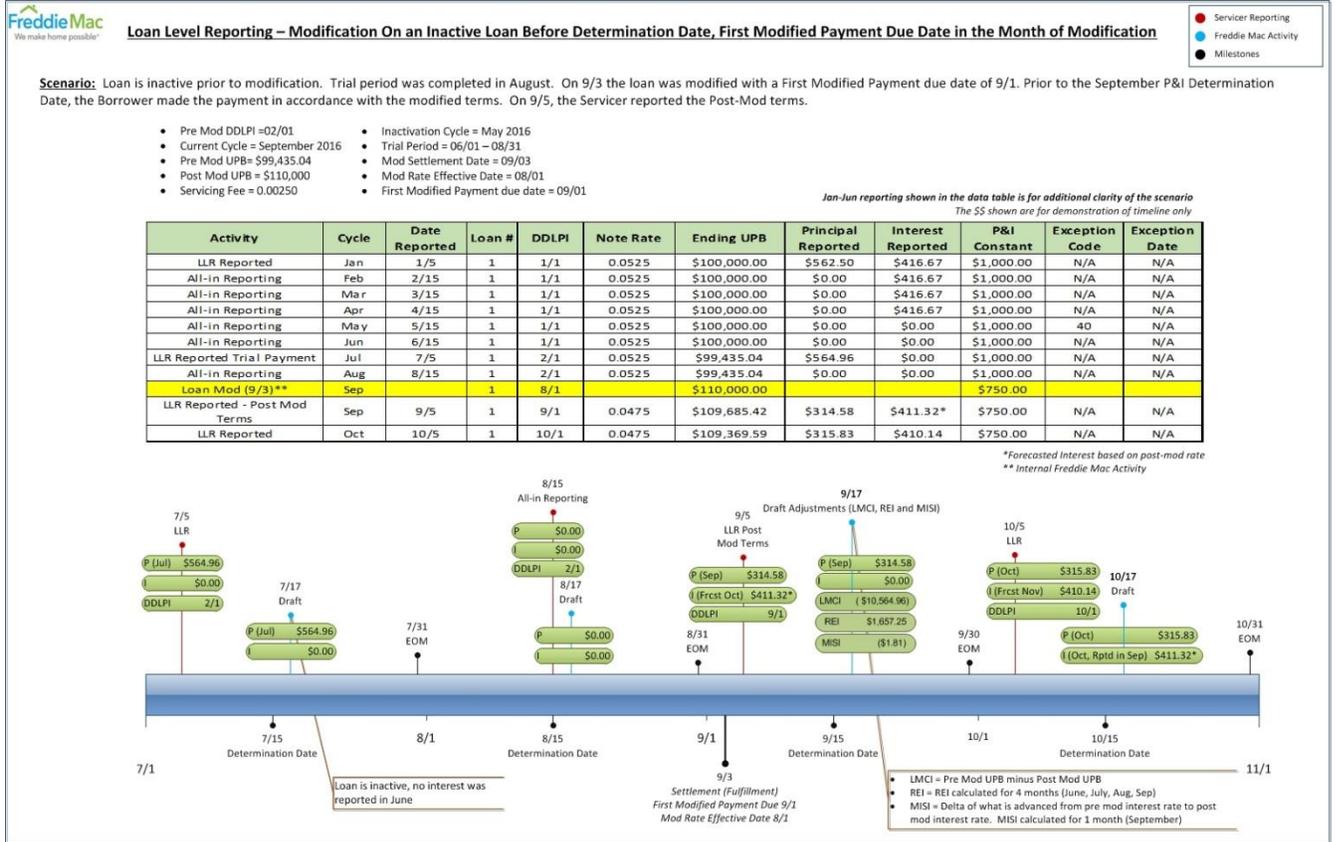


# X. Loan Modification

## A. Illustration J.1



## B. Illustration J.2



### C. Illustration J.3



#### Loan Level Reporting – Modification On an Inactive Loan After Determination Date, First Modified Payment Due Date in the Month of Modification

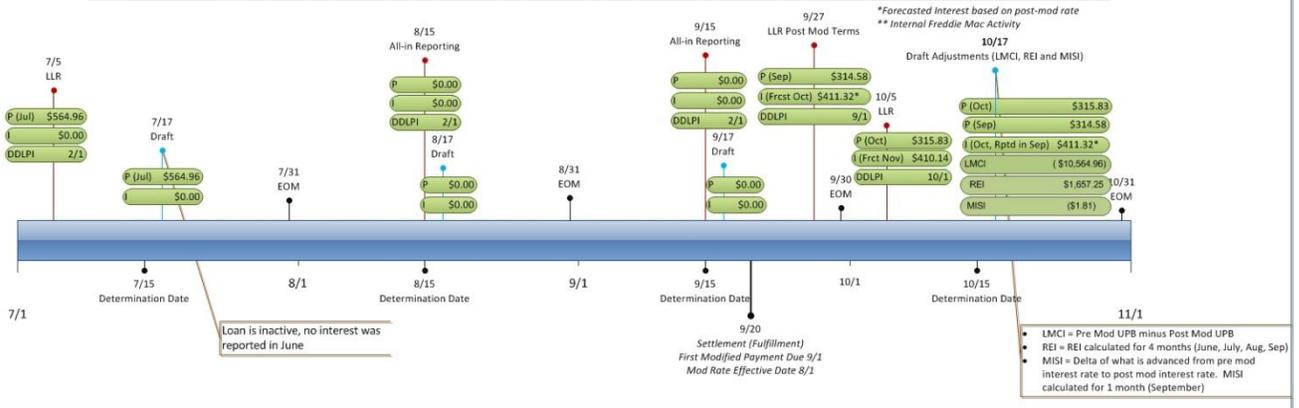
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Loan is inactive prior to modification. Trial period was completed in August. On 9/20, the loan was modified with a First Modified Payment due date of 9/1. After the September P&I Determination Date, the Borrower made the payment in accordance with the modified terms. On 9/27, the Servicer reported the Post Mod principal with a forecasted interest on Post-Mod terms.

- Pre Mod DDLPI = 02/01
- Current Cycle = September 2016
- Pre Mod UPB = \$99,435.04
- Post Mod UPB = \$110,000
- Servicing Fee = 0.00250
- Inactivation Cycle = May 2016
- Trial Period = 06/01 – 08/31
- Mod Settlement Date = 9/20
- Mod Rate Effective Date = 08/01
- First Modified Payment due date = 09/01

*Jan-Jun reporting shown in the data table is for additional clarity of the scenario  
The \$\$ shown are for demonstration of timeline only*

| Activity                      | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|-------------------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported                  | Jan   | 1/5           | 1      | 1/1   | 0.0525    | \$100,000.00 | \$562.50           | \$416.67          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting              | Feb   | 2/15          | 1      | 1/1   | 0.0525    | \$100,000.00 | \$0.00             | \$416.67          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting              | Mar   | 3/15          | 1      | 1/1   | 0.0525    | \$100,000.00 | \$0.00             | \$416.67          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting              | Apr   | 4/15          | 1      | 1/1   | 0.0525    | \$100,000.00 | \$0.00             | \$416.67          | \$1,000.00   | N/A            | N/A            |
| All-in Reporting              | May   | 5/15          | 1      | 1/1   | 0.0525    | \$100,000.00 | \$0.00             | \$0.00            | \$1,000.00   | 40             | N/A            |
| All-in Reporting              | Jun   | 6/15          | 1      | 1/1   | 0.0525    | \$100,000.00 | \$0.00             | \$0.00            | \$1,000.00   | N/A            | N/A            |
| LLR Reported Trial Payment    | Jul   | 7/5           | 1      | 2/1   | 0.0525    | \$99,435.04  | \$564.96           | \$0.00            | \$1,000.00   | N/A            | N/A            |
| All-in Reporting              | Aug   | 8/15          | 1      | 2/1   | 0.0525    | \$99,435.04  | \$0.00             | \$0.00            | \$1,000.00   | N/A            | N/A            |
| All-in Reporting              | Sep   | 9/15          | 1      | 2/1   | 0.0525    | \$99,435.04  | \$0.00             | \$0.00            | \$1,000.00   | N/A            | N/A            |
| Loan Mod (9/20)**             | Sep   |               | 1      | 8/1   |           | \$110,000.00 |                    |                   | \$750.00     |                |                |
| LLR Reported - Post Mod Terms | Sep   | 9/27          | 1      | 9/1   | 0.0475    | \$109,685.52 | \$314.58           | \$411.32*         | \$750.00     | N/A            | N/A            |
| LLR Reported                  | Oct   | 10/5          | 1      | 10/1  | 0.0475    | \$109,369.59 | \$315.83           | \$410.14          | \$750.00     | N/A            | N/A            |



## D. Illustration J.4



### Loan Level Reporting – Future Cycle Mod (First Modified Payment Due Date Next Cycle)

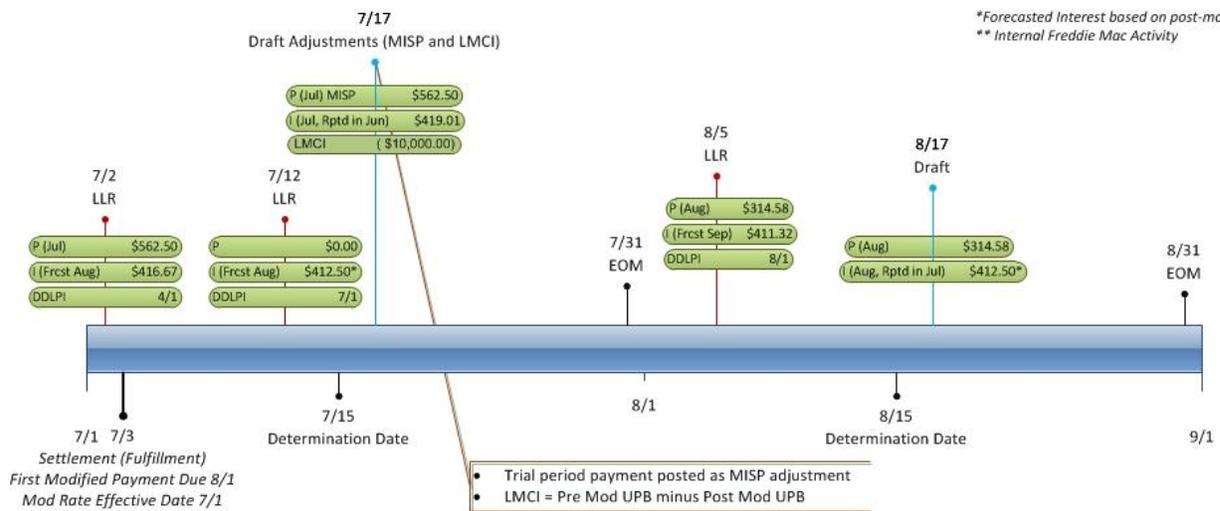
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Final trial period payment was reported on 7/2. On 7/3 the loan was modified with a First Modified Payment due date of 8/1. On 7/12, the Servicer reported the forecasted interest due for August on Post-Mod terms.

- Pre Mod DDLPI = 04/01
- Current Cycle = July 2016
- Pre Mod UPB = \$100,000
- Post Mod UPB = \$110,000
- Servicing Fee = 0.00250
- Trial Period = 05/01 – 07/31
- Mod Settlement Date = 07/03
- Mod Rate Effective Date = 07/01
- First Modified Payment due date = 08/01

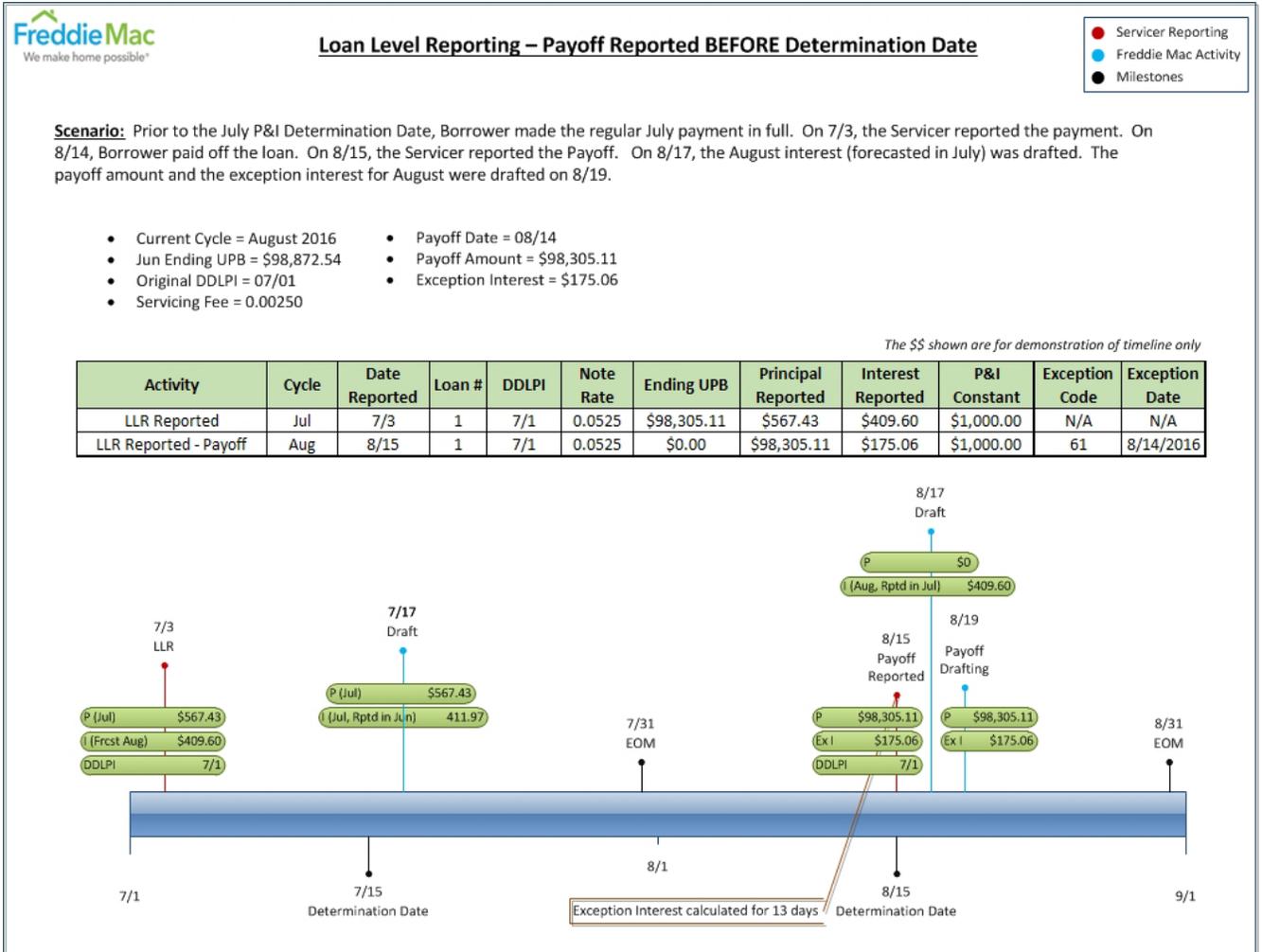
*The \$\$ shown are for demonstration of timeline only*

| Activity                         | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|----------------------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported Trial Payment       | Jul   | 7/2           | 1      | 4/1   | 0.0525    | \$100,000.00 | \$562.50           | \$416.67          | \$1,000.00   | N/A            | N/A            |
| Loan Mod (7/3)**                 | Jul   |               | 1      | 7/1   |           | \$110,000.00 |                    |                   | \$750.00     |                |                |
| LLR Reported - Post Mod Frst Int | Jul   | 7/12          | 1      | 7/1   | 0.0475    | \$110,000.00 | \$0.00             | \$412.50*         | \$750.00     | N/A            | N/A            |
| LLR Reported                     | Aug   | 8/5           | 1      | 8/1   | 0.0475    | \$109,685.42 | \$314.58           | \$411.32          | \$750.00     | N/A            | N/A            |



# XI. Loan Payoff

## A. Illustration K.1



## B. Illustration K.2



### Loan Level Reporting – Payoff Reported as a Revision AFTER Determination Date

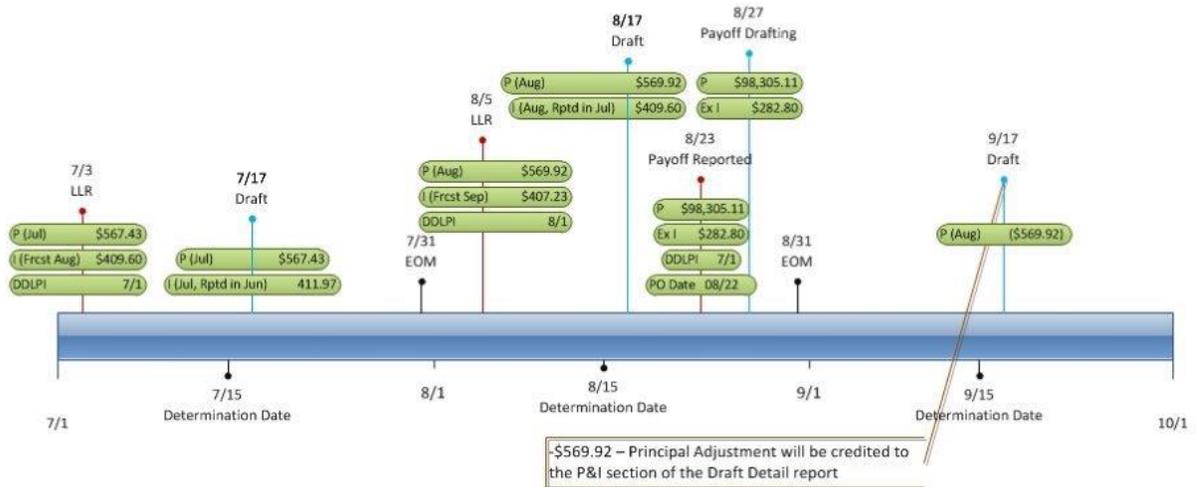
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, the borrower made the regular July payment in full. On 7/3, the Servicer reported the payment. Prior to the August P&I Determination Date, the Borrower made the regular August payment. The Servicer reported the payment on 8/5. The payment was drafted on 8/17. On 8/22, the borrower paid off the loan. On 8/23, the Servicer reported the Payoff. On 8/27, the payoff amount and the exception interest for August were drafted. A credit for August principal previously drafted will be posted to the Servicer in September.

- Current Cycle = August 2016
- Jun Ending UPB = \$98,872.54
- Servicing Fee = 0.00250
- Original DDLPI = 07/01
- Payoff Date = 08/22
- Payoff Amount = \$98,305.11
- Exception Interest = \$282.80

*The \$\$ shown are for demonstration of timeline only*

| Activity          | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|-------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported      | Jul   | 7/3           | 1      | 7/1   | 0.0525    | \$98,305.11 | \$567.43           | \$409.60          | \$1,000.00   | N/A            | N/A            |
| LLR Reported      | Aug   | 8/5           | 1      | 8/1   | 0.0525    | \$97,735.19 | \$569.92           | \$407.23          | \$1,000.00   | N/A            | N/A            |
| REVISION - PayOff | Aug   | 8/23          | 1      | 7/1   | 0.0525    | \$0.00      | \$98,305.11        | \$282.80          | \$1,000.00   | 61             | 8/22           |



### C. Illustration K.3



#### Loan Level Reporting – Payoff Reversal Reported in the Same Cycle

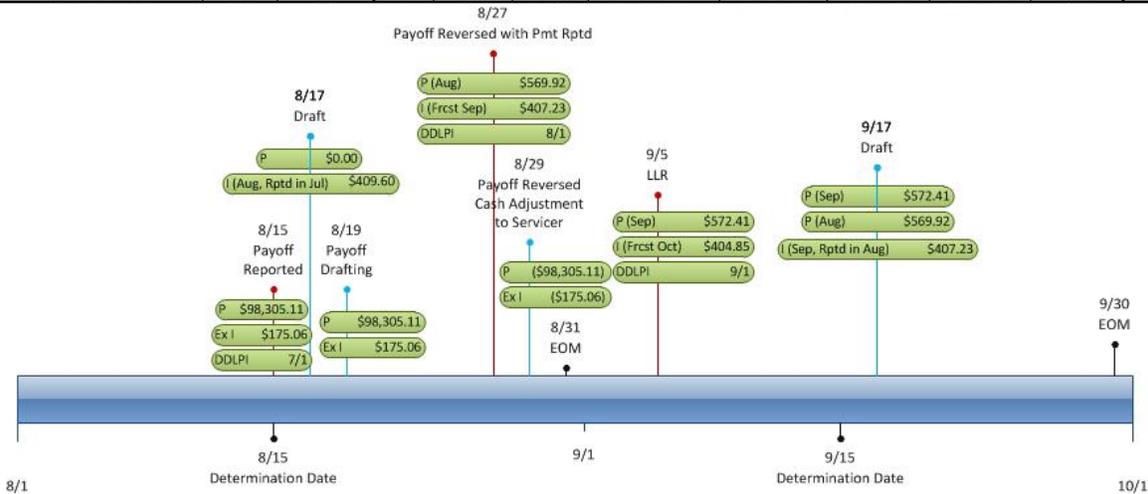
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, Borrower made the regular July payment in full. On 7/3, the Servicer reported the payment. On 8/14, Borrower paid off the loan. The Servicer reported the payoff on 8/15 and it was drafted on 8/19. On 8/27, the Servicer reported a reversal of the payoff and reported the regular August payment. On 8/29, the Servicer was credited for the payoff funds that were drafted. On 9/17, Servicer was drafted for both August and September principal payments and September interest.

- Current Cycle = August 2016
- Jul Ending UPB = \$98,305.11
- Servicing Fee = 0.00250
- Original DDLPI = 7/1
- Payoff Date = 8/14
- Payoff Amount = \$98,305.11
- Exception Interest = \$175.06

*The \$\$ shown are for demonstration of timeline only*

| Activity                        | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|---------------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported                    | Jul   | 7/3           | 1      | 7/1   | 0.0525    | \$98,305.11 | \$567.43           | \$409.60          | \$1,000.00   | N/A            | N/A            |
| LLR Reported - Pay Off          | Aug   | 8/15          | 1      | 7/1   | 0.0525    | \$0.00      | \$98,305.11        | \$175.06          | \$1,000.00   | 61             | 8/14           |
| REVISION LLR - Pay Off Reversal | Aug   | 8/27          | 1      | 8/1   | 0.0525    | \$97,735.19 | \$569.92           | \$407.23          | \$1,000.00   | N/A            | N/A            |
| LLR Reported                    | Sep   | 9/5           | 1      | 9/1   | 0.0525    | \$97,162.78 | \$572.41           | \$404.85          | \$1,000.00   | N/A            | N/A            |



## D. Illustration K.4



### Loan Level Reporting – Late Payoff Reported

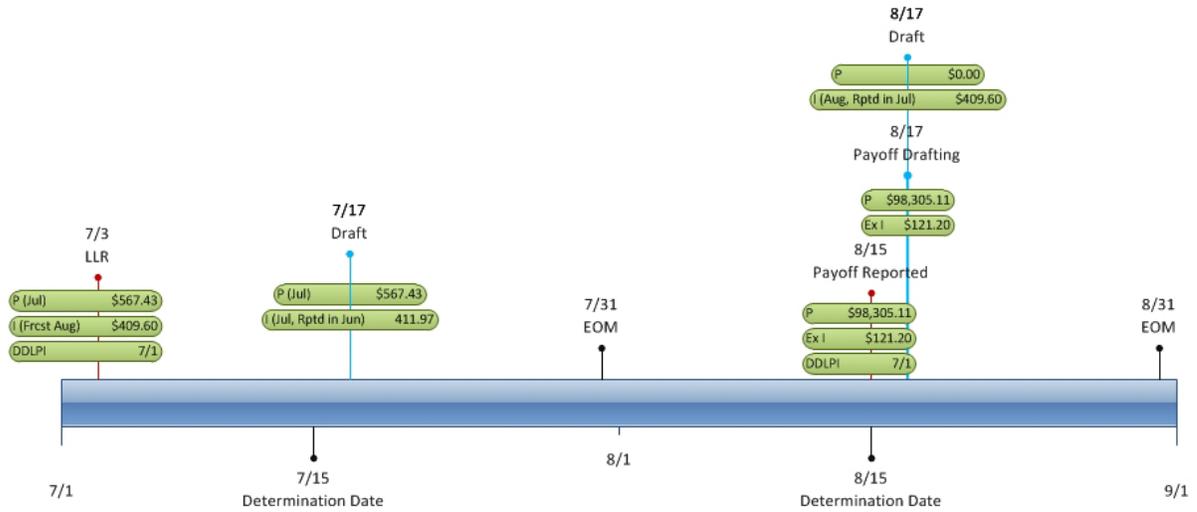
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Prior to the July P&I Determination Date, the borrower made the regular July payment in full. On 7/3, the Servicer reported the payment. On 8/10, the borrower paid off the loan. On 8/15, the Servicer reported the Payoff. On 8/17, the August interest (forecasted in July), the payoff amount and the exception interest for August were drafted.

- Current Cycle = August 2016
- Jun Ending UPB = \$98,872.54
- Servicing Fee = 0.00250
- Original DDLPI = 07/01
- Payoff Date = 08/10
- Payoff Amount = \$98,305.11
- Exception Interest = \$121.20

*The \$\$ shown are for demonstration of timeline only*

| Activity               | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|------------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported           | Jul   | 7/3           | 1      | 7/1   | 0.0525    | \$98,305.11 | \$567.43           | \$409.60          | \$1,000.00   | N/A            | N/A            |
| LLR Reported - Pay Off | Aug   | 8/15          | 1      | 7/1   | 0.0525    | \$0.00      | \$98,305.11        | \$121.20          | \$1,000.00   | 61             | 8/10           |



## E. Illustration K.5



### Loan Level Reporting – Short Sale Payoff

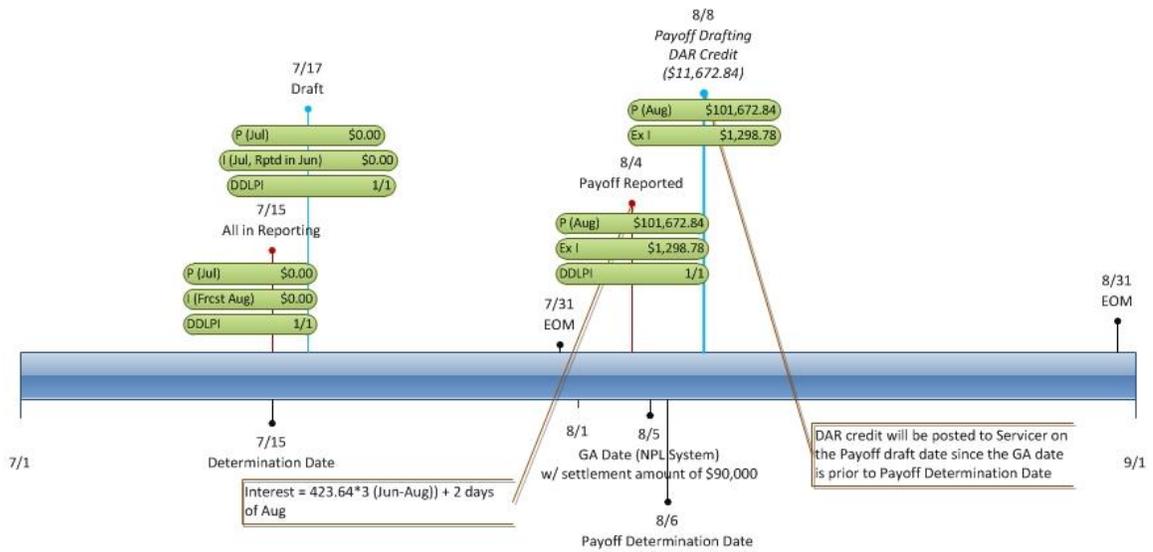
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The loan was inactivated in May. No payments were reported in July. On 8/4, the Servicer reported a short sale payoff with the new exception code (TBD). On 8/5, the Short sale was settled by Freddie Mac (prior to Payoff Determination Date). On 8/8, the payoff amount was drafted along with the charge-off credits (net sale proceeds).

- Current Cycle = August 2016
- Jul Ending UPB = \$101,672.84
- Original DDLPI = 1/1
- Servicing Fee = 0.00250
- Inactivation Cycle = May 2016
- Payoff Date = 8/3
- Payoff Amount = \$101,672.84
- Exception Interest = \$1,298.78

*The \$\$ shown are for demonstration of timeline only*

| Activity                  | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|---------------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| All in Reporting          | Jul   | 7/15          | 1      | 1/1   | 0.0525    | \$101,672.84 | \$0.00             | \$0.00            | \$1,000.00   | N/A            | N/A            |
| LLR Reported - Short Sale | Aug   | 8/4           | 1      | 1/1   | 0.0525    | \$0.00       | \$101,672.84       | \$1,298.78        | \$1,000.00   | 67             | 8/3            |



## F. Illustration K.6



### Loan Level Reporting – Third Party Sale

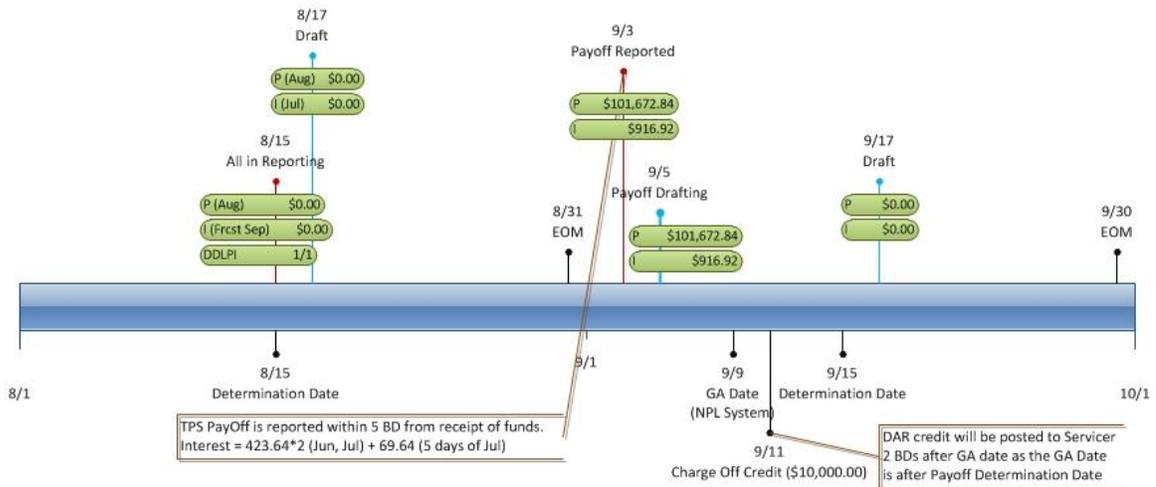
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** Loan was deeply delinquent. Third Party Sale occurred on 7/6. On 9/3, the Servicer reported the Third Party Sale proceeds plus delinquent and exception interest. On 9/5 the payoff amount and interest amounts were drafted. The Charge Off Credit was applied on 9/11.

- Current Cycle = August 2016
- Jul Ending UPB = \$101,672.84
- Inactivation Cycle = May 2016
- Payoff Reported Date = 9/3
- Original DDLPI = 1/1
- Servicing Fee = 0.00250
- Servicer Reported Third Party Sale in Default Workout Reporting System (DWR)
- Exception Interest = \$916.92

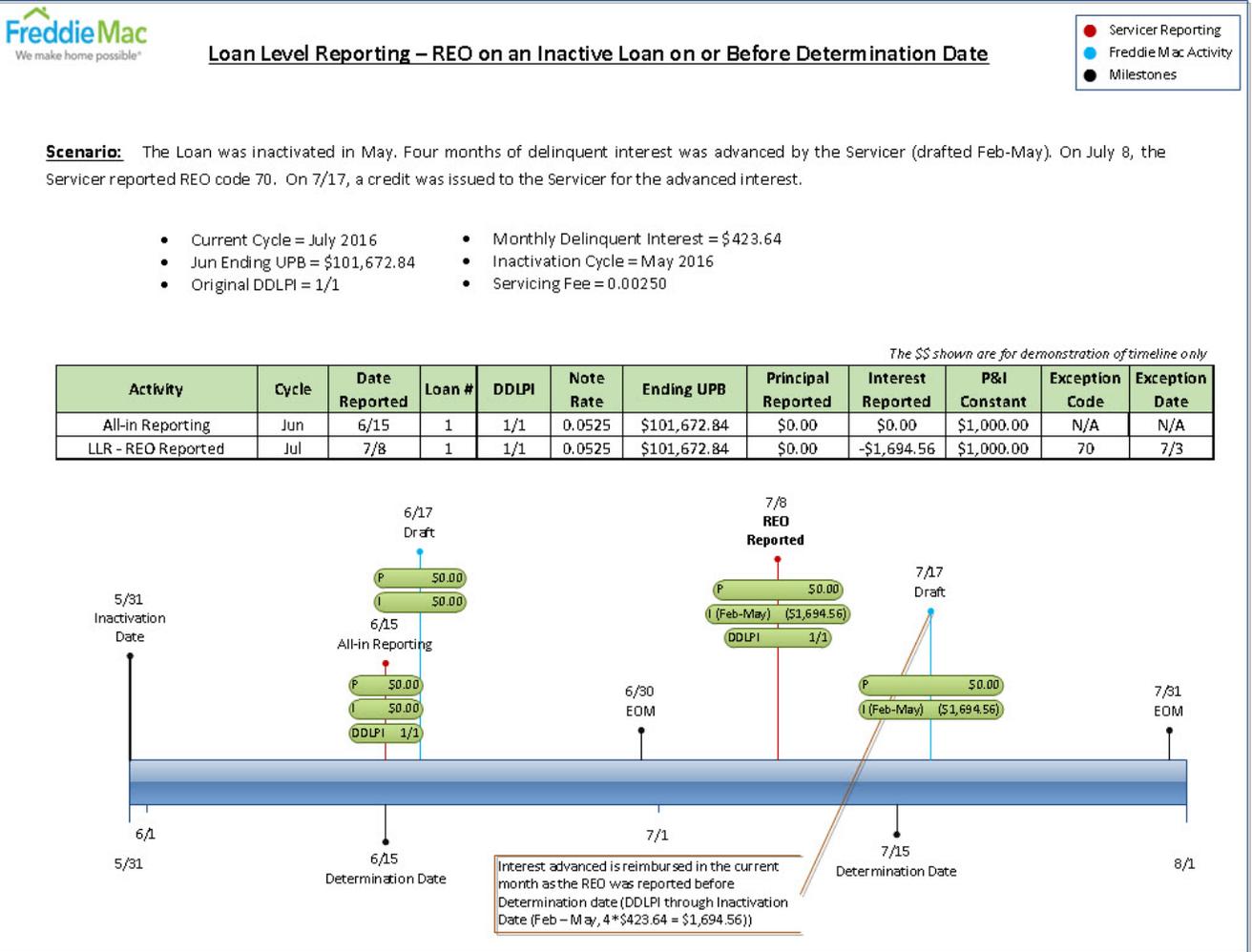
*The \$\$ shown are for demonstration of timeline only*

| Activity         | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| All-in Reporting | Aug   | 8/15          | 1      | 1/1   | 0.0525    | \$101,672.84 | \$0.00             | \$0.00            | \$1,000.00   | N/A            | N/A            |
| LLR Reported     | Sep   | 9/3           | 1      | 1/1   | 0.0525    | \$0.00       | \$101,672.84       | \$916.92          | \$1,000.00   | 71             | 7/6            |



## XII. Foreclosure Sales

### A. Illustration M.1



## B. Illustration M.2



### Loan Level Reporting – REO on an Inactive Loan After Determination Date

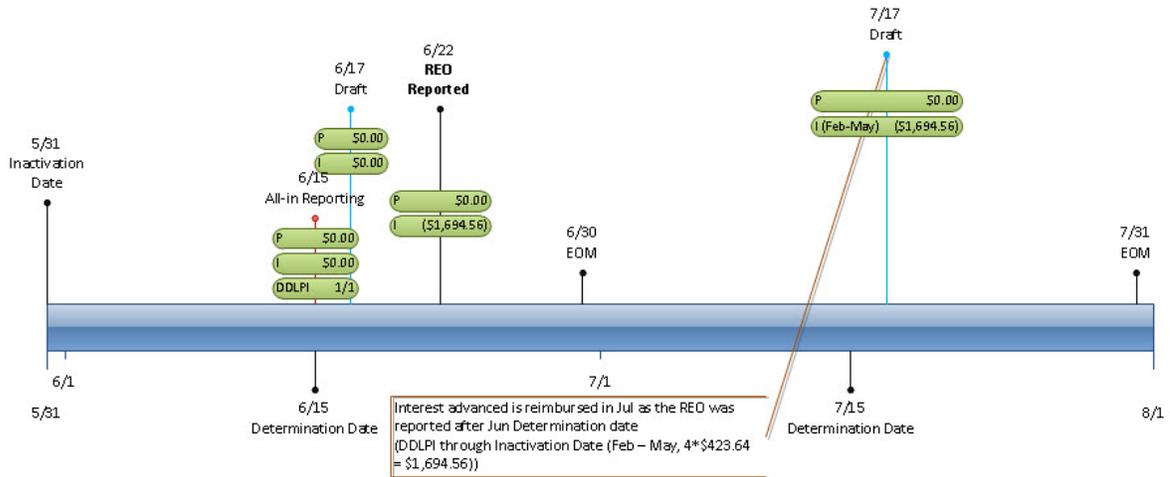
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The Loan was inactivated in May. Four months of delinquent interest was advanced by the Servicer (drafted Feb-May). On June 22, the Servicer reported REO code 70 revising the 6/15 All-in reporting transaction. On 7/17, a credit was issued to the Servicer for the advanced interest (Feb-May).

- Current Cycle = June 2016
- Monthly Delinquent Interest = \$423.64
- May Ending UPB = \$101,672.84
- Inactivation Cycle = May 2016
- Original DDLPI = 1/1
- Servicing Fee = 0.00250

*The SS shown are for demonstration of timeline only*

| Activity                    | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|-----------------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| All-in Reporting            | Jun   | 6/15          | 1      | 1/1   | 0.0525    | \$101,672.84 | \$0.00             | \$0.00            | \$1,000.00   | N/A            | N/A            |
| LLR - REO Reported REVISION | Jun   | 6/22          | 1      | 1/1   | 0.0525    | \$101,672.84 | \$0.00             | -\$1,694.56       | \$1,000.00   | 70             | 6/20           |



### C. Illustration M.3



#### Loan Level Reporting – REO on Partial Reinstatement where DDLPI is Before Inactivation Date

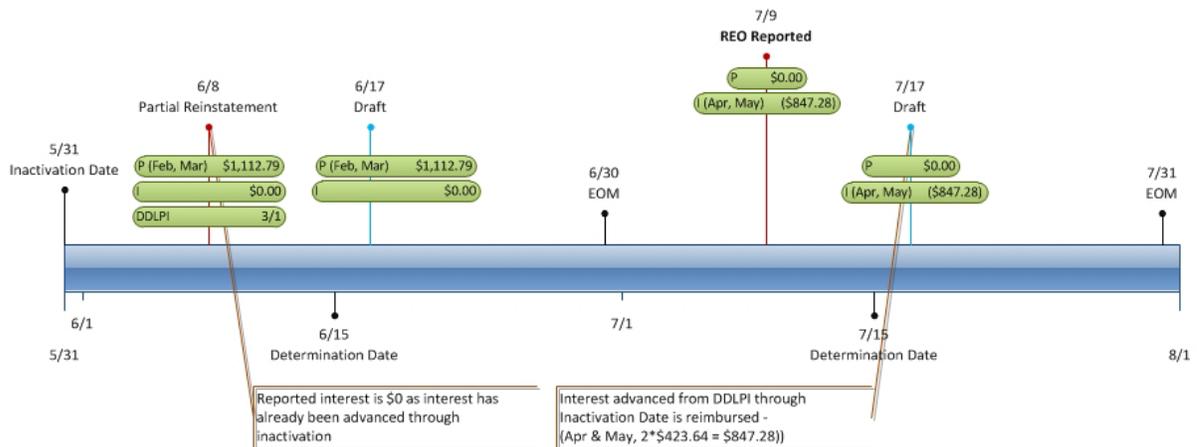
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The Loan was inactivated in May. In June, prior to the P&I Determination Date, Borrower made two monthly payments. On 6/8, the Servicer reported the principal payments but \$0 interest because four months of interest was advanced prior to inactivation. On 6/17 the principal was drafted. No payment was made by the Borrower in July. Before the July P&I Determination Date, the REO code 70 was reported by the Servicer (7/9). On 7/17, a credit was issued to the Servicer for the remaining two months of advanced interest.

- Current Cycle = June 2016
- Monthly Delinquent Interest = \$423.64
- May Ending UPB = \$101,672.84
- Inactivation Cycle = May 2016
- DDLPI with Partial Reinstatement = 3/1
- Servicing Fee = 0.00250

*The \$\$ shown are for demonstration of timeline only*

| Activity           | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB   | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------------|-------|---------------|--------|-------|-----------|--------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported       | Jun   | 6/8           | 1      | 3/1   | 0.0525    | \$100,560.05 | \$1,112.79         | \$0.00            | \$1,000.00   | N/A            | N/A            |
| LLR - REO Reported | Jul   | 7/9           | 1      | 3/1   | 0.0525    | \$100,560.05 | \$0.00             | -\$847.28         | \$1,000.00   | 70             | 7/3            |



## D. Illustration M.4



### Loan Level Reporting – REO on Partial Reinstatement where DDLPI is After Inactivation Date

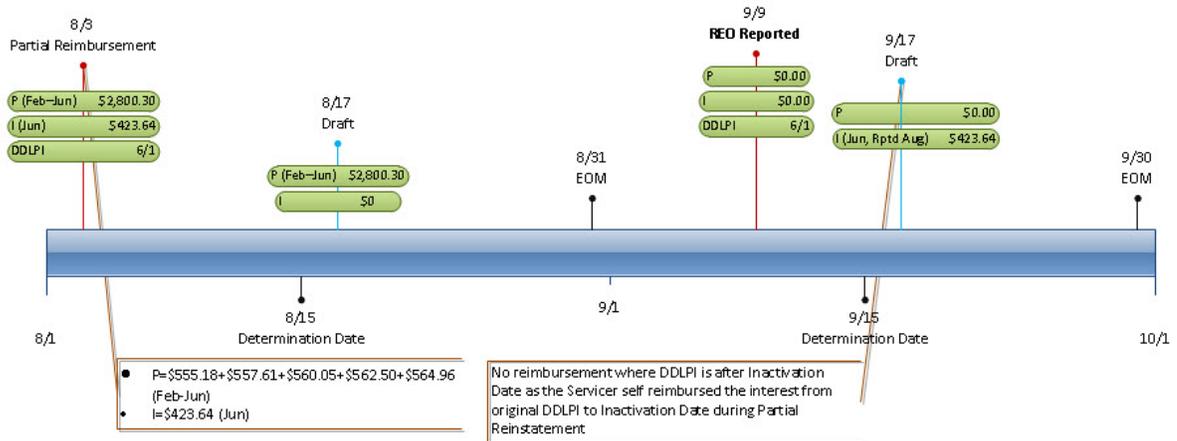
- Servicer Reporting
- Freddie Mac Activity
- Milestones

**Scenario:** The Loan was inactivated in May. In August, prior to the P&I Determination Date, the Borrower made five monthly payments moving the DDLPI to 6/1. On 8/3, the Servicer reported the five principal payments and one interest payment (four months of interest was advanced prior to inactivation). On 8/17, the principal was drafted. No payment was made by the Borrower in September. On 9/9, Servicer reported the REO code 70. On 9/17, the interest reported in August was drafted.

- Current Cycle = August 2016
- Jul Ending UPB = \$101,672.84
- Original DDLPI = 1/1
- DDLPI with Partial Reinstatement = 6/1
- Inactivation Cycle = May 2016
- Servicing Fee = 0.00250
- Monthly Delinquent Interest = \$423.64

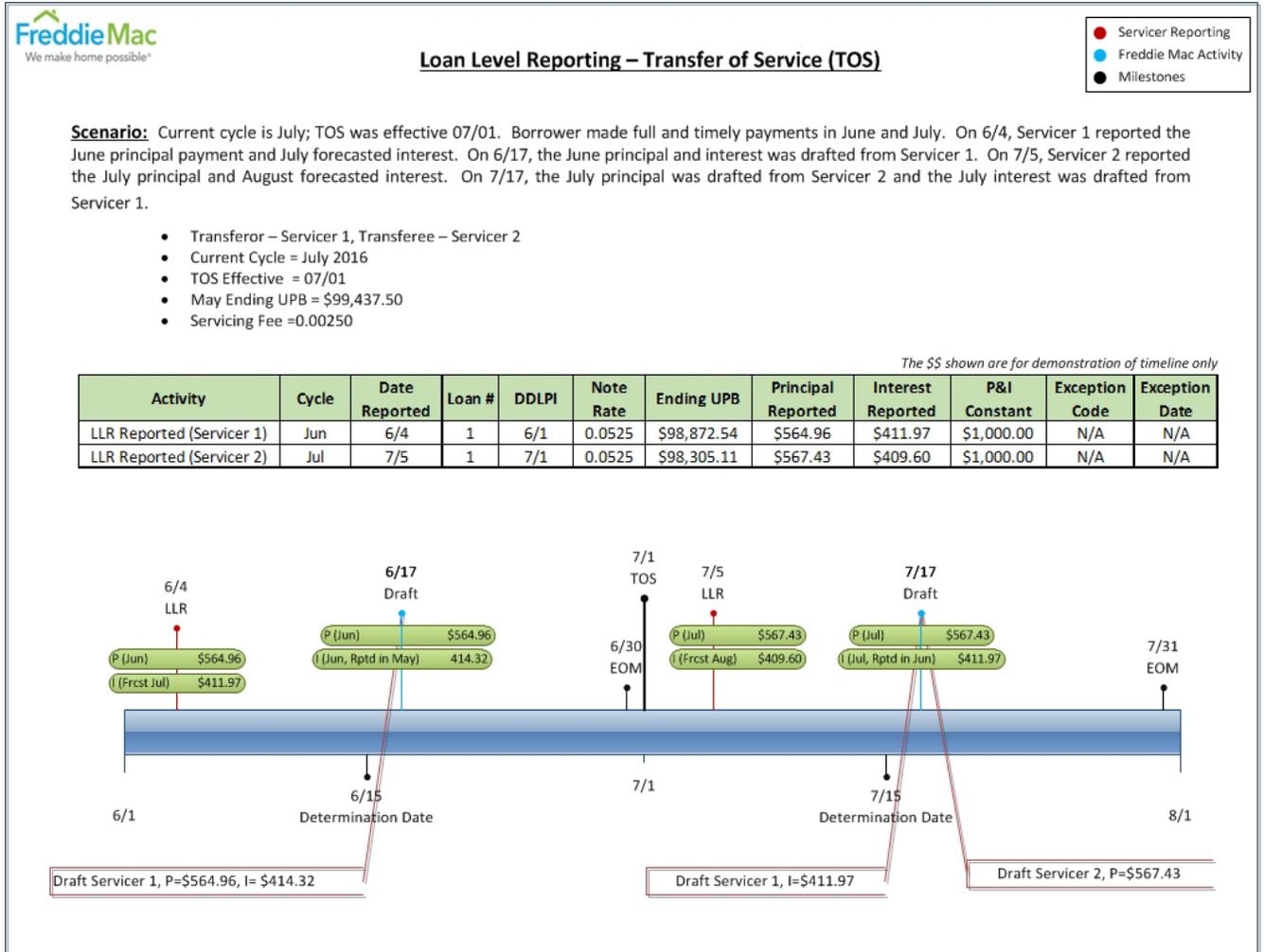
*The \$\$ shown are for demonstration of timeline only*

| Activity           | Cycle | Date Reported | Loan # | DDLPI | Note Rate | Ending UPB  | Principal Reported | Interest Reported | P&I Constant | Exception Code | Exception Date |
|--------------------|-------|---------------|--------|-------|-----------|-------------|--------------------|-------------------|--------------|----------------|----------------|
| LLR Reported       | Aug   | 8/3           | 1      | 6/1   | 0.0525    | \$98,872.54 | \$2,800.30         | \$423.64          | \$1,000.00   | N/A            | N/A            |
| LLR - REO Reported | Sep   | 9/9           | 1      | 6/1   | 0.0525    | \$98,872.54 | \$0.00             | \$0.00            | \$1,000.00   | 70             | 9/4            |



### XIII. Transfer of Services (TOS)

#### A. Illustration N.1



# XIV. Drafting

## A. Illustration O.1

