



# Introduction to Investor Accounting Responsibilities



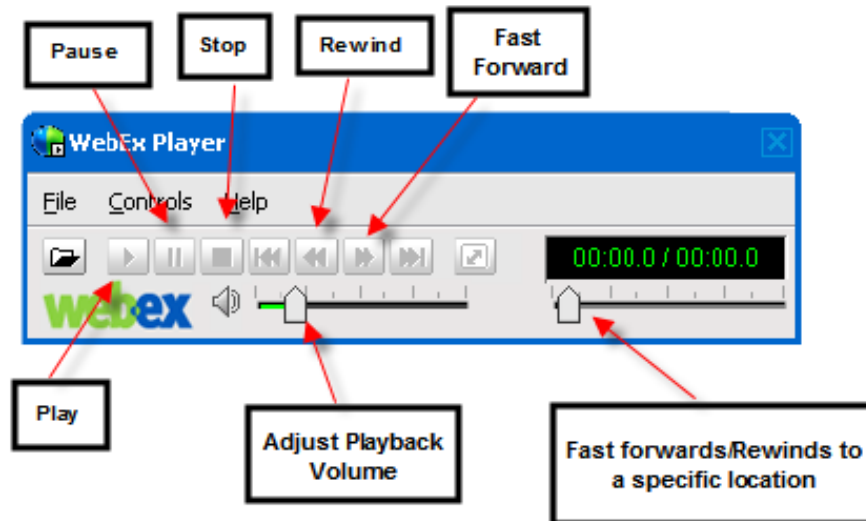
# Your Freddie Mac presenter is...

Elizabeth Bowen



# Tools and Tips

- ✓ Close all other applications to enhance your workstation's performance.
- ✓ Maximize the window used for viewing this recording.
- ✓ For technical Support, call (866) 229-3239



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# Agenda

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



# Loan Set Up

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



# Funding Documentation

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

- Funding Detail Report
- Loan Purchase Statement



# Sample Funding Detail Report

## Freddie Mac Funding Details Report

**Seller Name:** Customer Training  
**Seller Number:** 222210  
**Organization ID:** 233593347  
**Seller Address:** 125 Baker St PO Box 1111256, Bristow VA 21036-1000

**Contract Name:** Fund  
**Contract Number:** 319937011  
**Contract Product:** 1/1 1-Year CMT ARM  
**Participation Percent:** 100.00%  
**Remittance Option:** **ARC**  
**Prepayment Remittance Due Days:** 5

**Designated Servicer Name:** Customer Training  
**Servicer Number:** 222210  
**Servicer Address:** 125 Baker St PO Box 1111256, Bristow VA 21036-1000

## Settlement Summary

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

**Note Rate**  
**- Accounting Net Yield**  
*Servicing Fee*

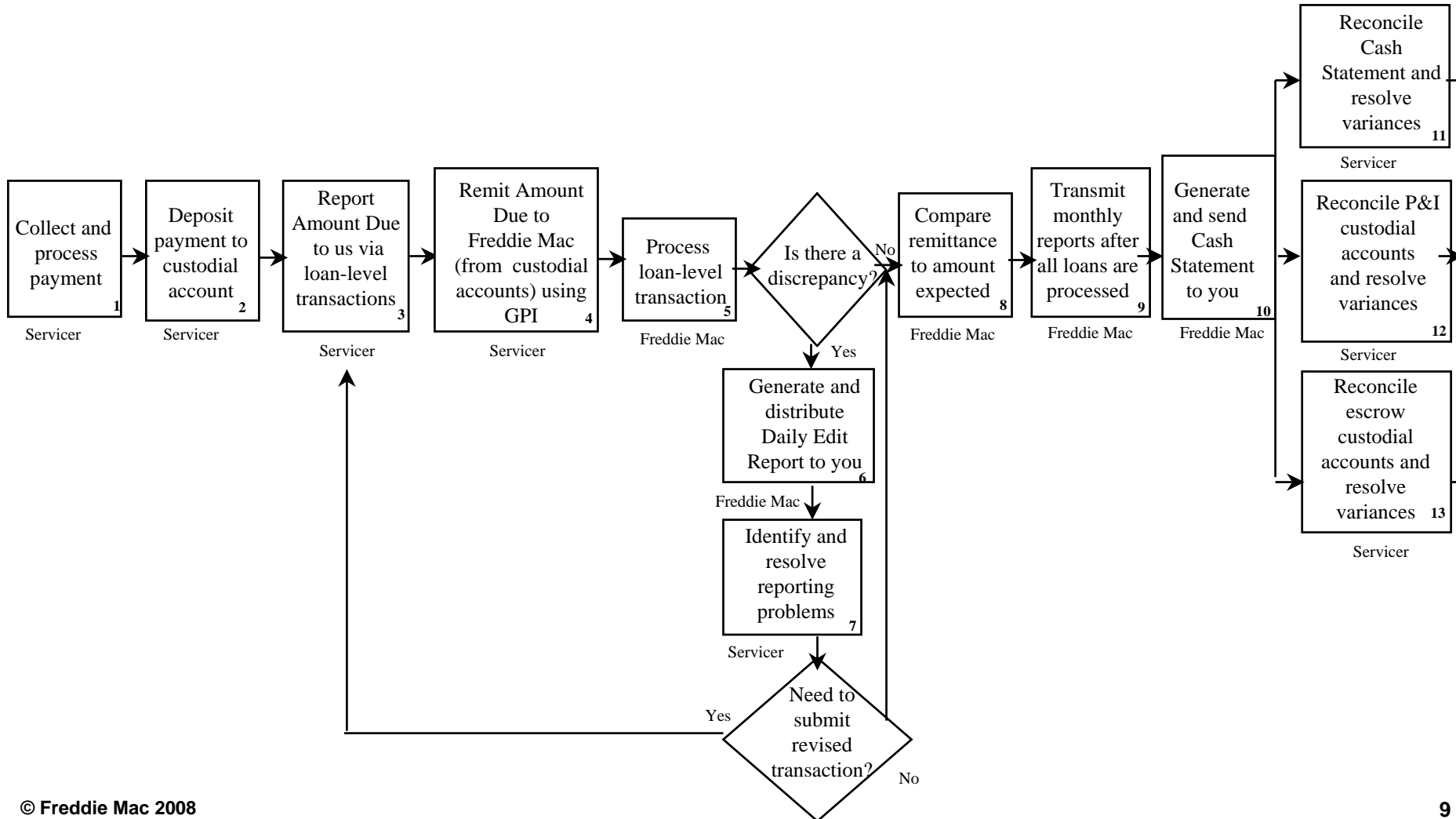


# Loan Set Up

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



# Investor Accounting Process Flow





# Overview of Investor Accounting

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

- Reporting loan data
- Remitting cash
- Reconciling custodial accounts



# Reporting

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



# Remitting

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

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



# The Accounting Cycle

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

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

One Accounting Cycle

Accounting cutoff



# Monthly Processing

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



# Interim Processing

Occurs anytime and is based on the exception date

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



# How to Transmit Your Mortgage Activity

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



# Non-Exception vs. Exception Activity

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



# Exception Codes

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



# Exception Codes

## Monthly Processing

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

## Interim Processing

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



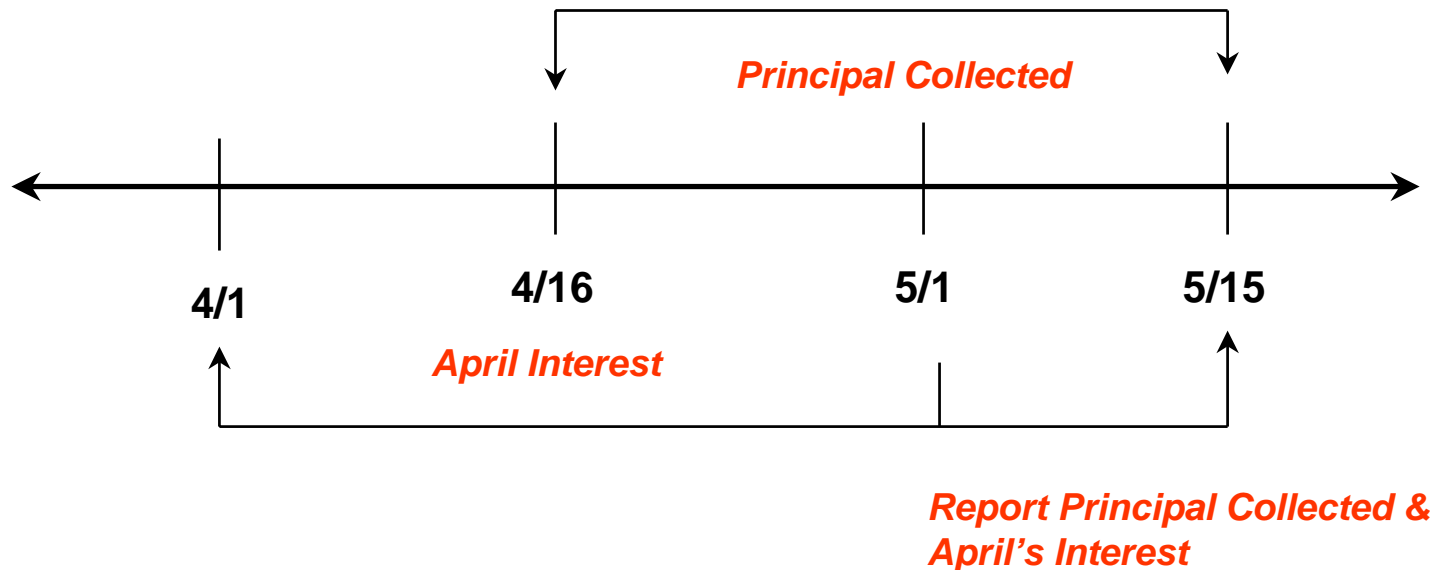
# What Dates Must You Report For Every Loan?

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



# What to Report & Remit for Mortgage Activity

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





# Accounting Methods

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



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

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



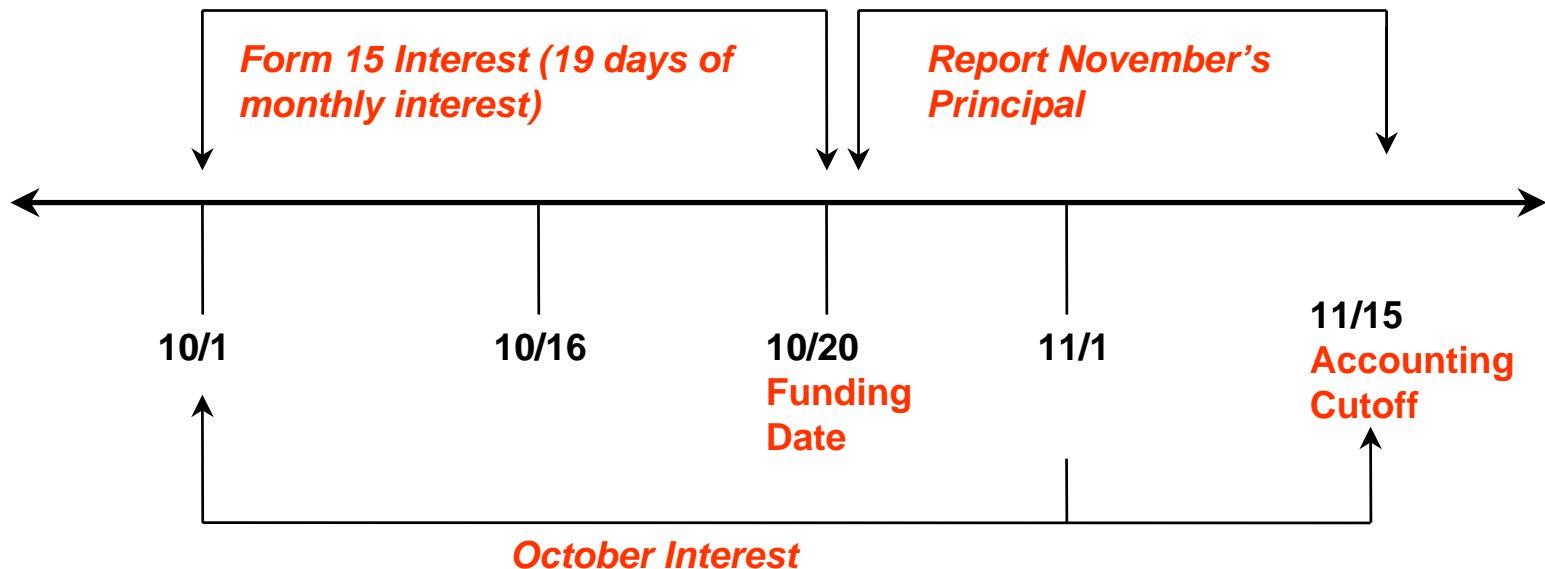
# What Do You Report for the May Cycle if the Last Payment You Received was the April Payment on April 8th?

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



# Newly Funded Mortgages

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





# Your Investor Reporting Responsibilities

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

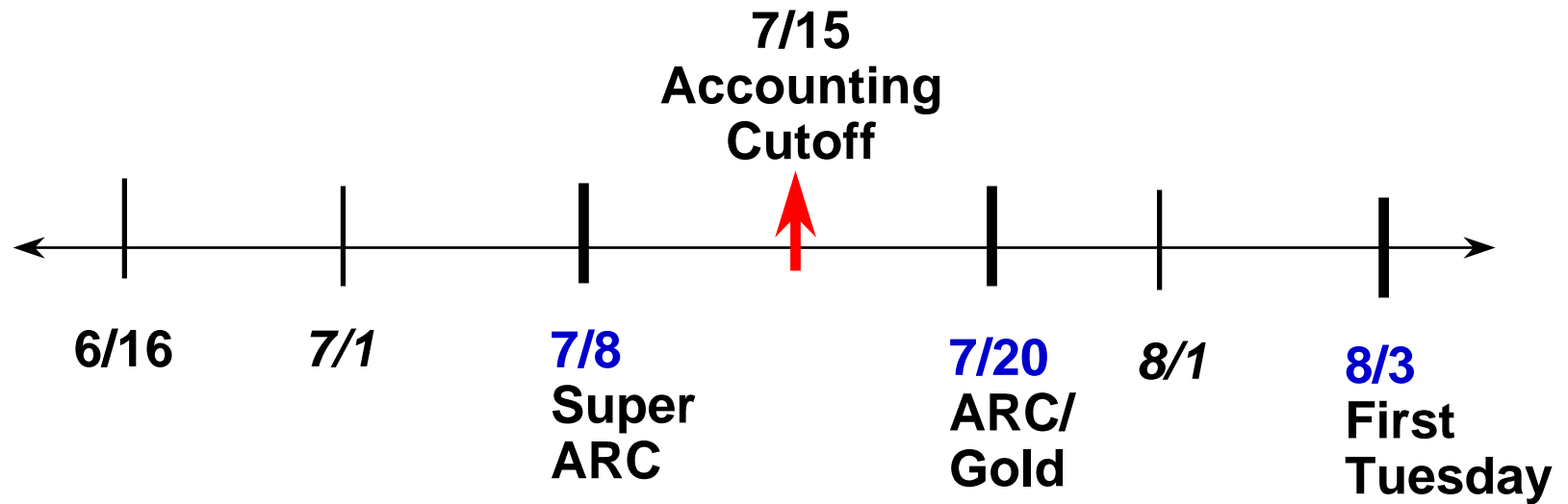


# Remittance Cycle Options

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



# Remittance Options





# How to Remit Funds to Freddie Mac

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

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

OR

- Online
  - ✓ Use Investor Accounting Manager<sup>SM</sup> (IAM)



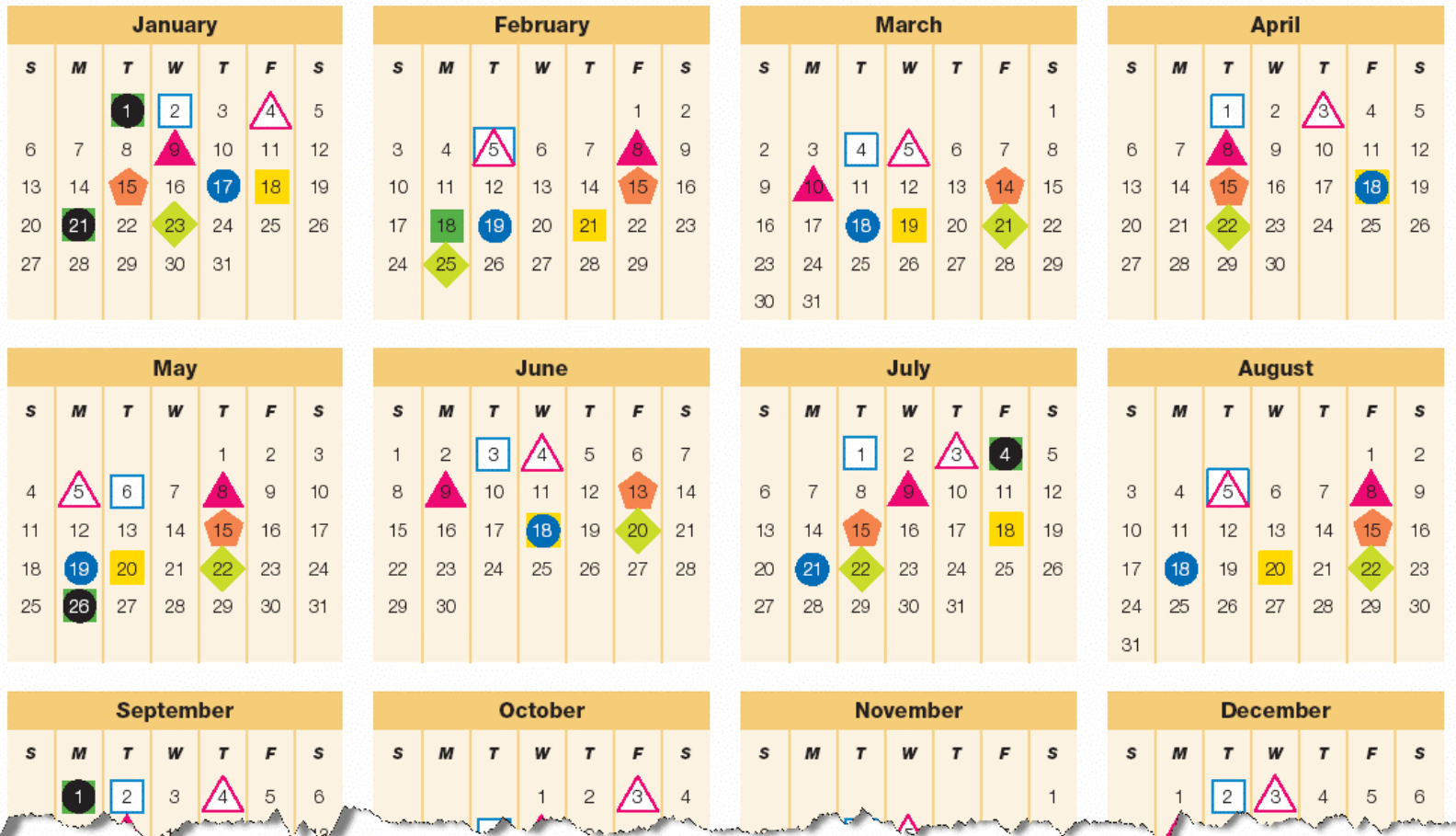
# Remitting Timely to Freddie Mac

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



# 2008 Due Date Calendar

## 2008 Due Date Calendar for Monthly Reporting and Remitting





# Remittance Analysis

Freddie Mac

Last Updated:  
11/30/xxxx 12:00:00 AM

## Seller/Servicer Remittance Analysis

Servicer Number:  
Servicer Name:  
Servicer Contact Name:

10/16/xxxx through 11/15/xxxx

Final

Date	Amount Received			Amount Due				Balance	Int. Reimbursement
	P&I, Adj, Int. Advanced	P/O, TP FCL	Corrections	P&I, Int. Advanced	P/O, TP FCL	Adj.	Adj. Code		
								<b>100,000.00</b>	
Oct. 16	0.00	0.00	0.00	0.00	0.00	0.00		<b>100,000.00</b>	0.00
Oct. 17	0.00	0.00	0.00	0.00	<b>100,000.00</b>	0.00		0.00	0.00
Oct. 18	<b>15,000.00</b>	0.00	0.00	<b>15,000.00</b>	0.00	0.00		0.00	0.00
Oct. 19	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 20	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 21	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 22	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 23	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 24	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 25	0.00	0.00	0.00	0.00	<b>120,000.00</b>	0.00		<b>(120,000.00)</b>	<b>37.80</b>
Oct. 26	0.00	0.00	0.00	0.00	0.00	0.00		<b>(120,000.00)</b>	<b>37.80</b>
Oct. 27	0.00	0.00	0.00	0.00	0.00	0.00		<b>(120,000.00)</b>	<b>37.80</b>
Oct. 28	0.00	<b>120,000.00</b>	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 29	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 30	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 31	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 1	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 2	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 3	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 4	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 5	0.00	0.00	0.00	<b>300,000.00</b>	0.00	0.00		<b>(300,000.00)</b>	<b>94.52</b>
Nov. 6	<b>300,000.00</b>	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 7	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 8	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 9	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 10	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 11	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 12	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 13	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 14	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 15	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
<b>Totals:</b>	<b>315,000.00</b>	<b>120,000.00</b>	<b>0.00</b>	<b>315,000.00</b>	<b>220,000.00</b>	<b>0.00</b>		<b>0.00</b>	<b>207.92</b>

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

207.92



# Electronic Default Reporting (EDR)

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



# Custodial Accounts

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

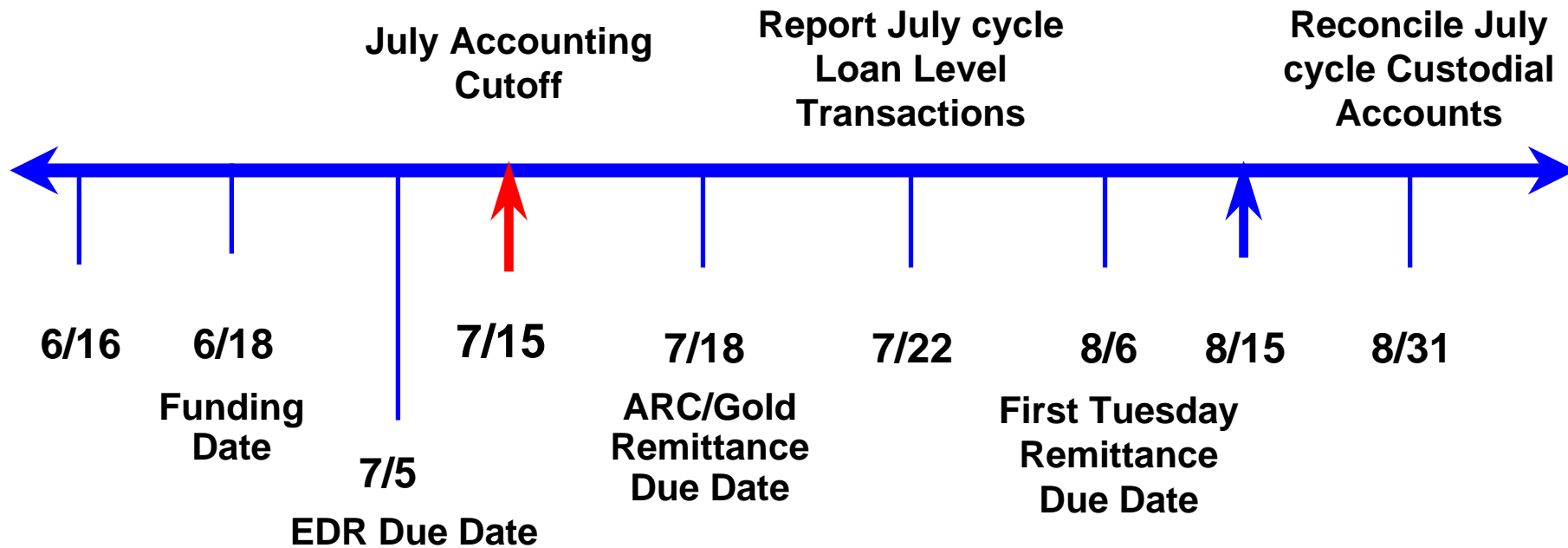


# The Servicer Performance Profile

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



# Investor Accounting Responsibilities for the July Accounting Cycle





# Important Reminders

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



# Resources

- The Learning Center – Servicing Home Page
  - ✓ <http://www.freddiemac.com/learn/service>
- (800)FREDDIE (373-3343)
- *Single-Family Seller/Servicer Guide*

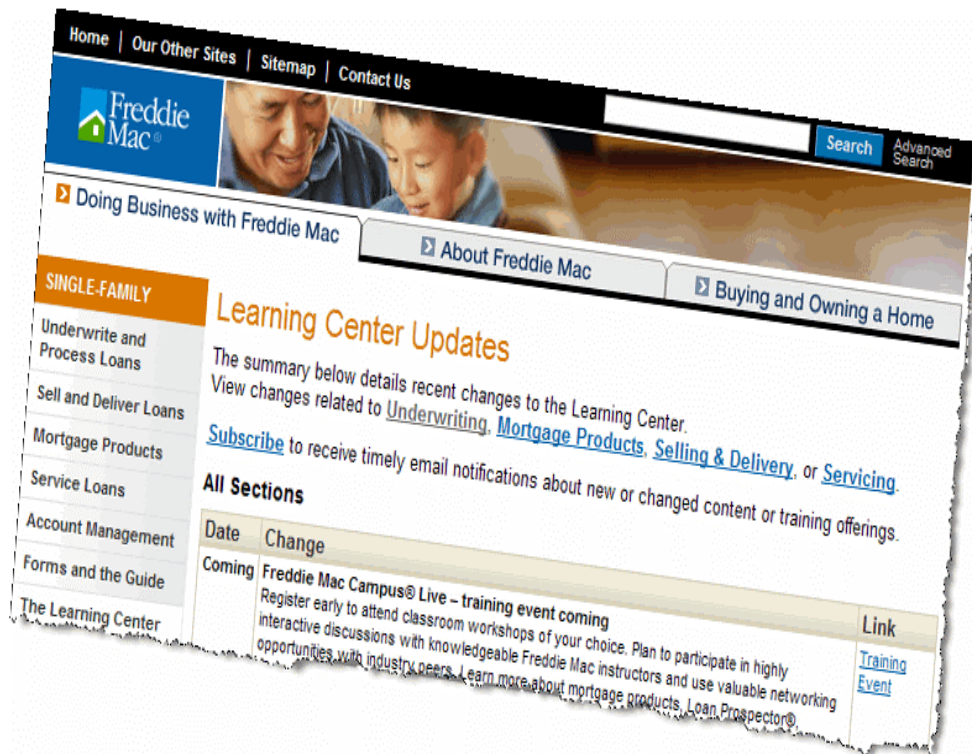


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