



Loan Servicing in Action

2017 Asset Management & Operations Servicing Workshop



Session Agenda

- Master Servicing reporting & remitting
- Moderate Rehab loans
- Payoff Training



Master Servicing Reporting & Remitting

Determination Date

- Close of business on the 11th day of the month. If the 11th is not a business day, the business day immediately following such 11th business day

Sub-Servicer Reporting Due Date

- Sub-Servicer reporting is due to Freddie Mac, as Master Servicer, on the first business day following the Determination Date by 3 p.m. ET

- CREFC® 8.0 last updated September 2016. The CREFC Loan Periodic Update File now has up to 151 Columns. The “Remittance” column includes two additional columns (i.e., ARD Interest/Deferred and Maturity Date)
- All Sub-Servicer reporting must be in the CREFC 8.0 format

Reporting

- The reporting status of a loan should be as follows
 - » If the loan is current - report with a zero “0” status
 - » If the payment is late and/or delinquent - report status as alpha “A” or “B”
 - » The word “Current” or letter “O” should not be used

Payoffs

- All payoffs for Master Servicing will follow the CREFC reporting guidelines. There are reporting requirements along with specific codes for prepayment premiums and/or yield maintenance payments.

Remittance

- Sub-Servicer funds remitted to the Master Servicer must match the Remittance Report. If any remittance reporting issue should arise then the Master Servicer Loan Accounting Analyst will work with the Sub-Servicer Analyst to resolve such issue(s).

Reminders

- Sub-Servicers **should** populate each cell with numeric or alpha data. If not required, the cell should remain blank.
- Sub-Servicers **should not** populate the cells with the following characters
 - » Dashes, N/A, "\$", \$0.00, the letter "O", or the word Current

Moderate Rehab Loan

- Disbursement request requirements
 - » Disbursement Request form
 - » Disbursement Certification
 - » Breakdown of requested amount to include retainage amount
 - » All items to be emailed to mfla@freddiemac.com and assigned Loan Accounting representative

- Retainage
 - » Percentage or amount to be held by Freddie Mac
 - » The terms of retainage to be held are located in the executed Disbursement Agreement
 - » This amount is to be provided in the breakdown of requested draw

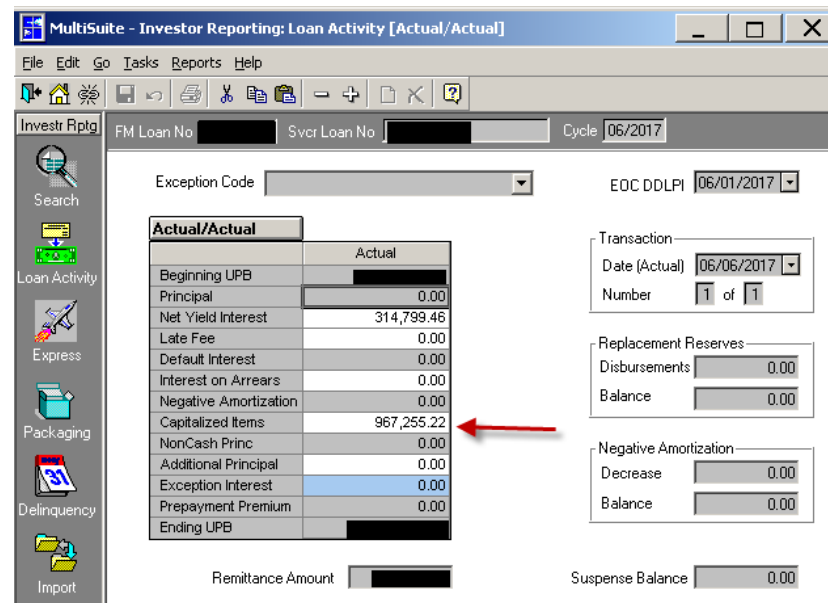
■ Interest

- » Interest is only collected on disbursed amounts and total outstanding balance, not on the retainage portion held by Freddie Mac
- » When a disbursement occurs, interest is calculated on the outstanding balance prior to the draw, up to but not including the draw date. The remaining portion is calculated at the higher balance from the draw date to the end of the month.

Interest Accrual Month	Installment Due	UPB	Interest From	Interest To	# of Days	Gross Int.	Sfee	Net. Int.	Total Interest	Net Yield
1/1/2017	2/1/2017	80,854,769.00	1/1/2017	1/22/2017	22	3.83167%	0.06000%	3.77167%	189,327.60	186,362.92
		84,063,683.00	1/23/2017	1/31/2017	9	3.83167%	0.06000%	3.77167%	80,526.07	79,265.12
					31				269,853.67	265,628.04

■ Reporting

- » Servicer is to report disbursement amount during next applicable cycle reporting.
- » The disbursement amount will be reported in the “Capitalized Items” field in MSIR. This will increase the outstanding balance to include any disbursements made.



Actual/Actual	
	Actual
Beginning UPB	
Principal	0.00
Net Yield Interest	314,799.46
Late Fee	0.00
Default Interest	0.00
Interest on Arrears	0.00
Negative Amortization	0.00
Capitalized Items	967,255.22
NonCash Princ	0.00
Additional Principal	0.00
Exception Interest	0.00
Prepayment Premium	0.00
Ending UPB	

Remittance Amount: [] Suspense Balance: 0.00

Payoff Training

- Prepay / Payoff timeline
- Bonds
- Payoff date changes
- Submitting a payoff request
- Reporting a payoff
- Remitting payoff funds
- Satisfaction/releases



1. Upload completed Loan Payoff Notice Form into the Document Management System (DMS) along with:
 - Copy of Borrower's written payoff request
 - Prepayment premium or estimated yield maintenance calculation (if applicable)
 - Extended Payoff Option Form executed by the Borrower (if applicable)
2. Freddie Mac will confirm receipt of the Loan Payoff Notice package via email within 24 hours
3. Within five business days of receipt, the Multifamily Loan Accounting Payoff Team will review the payoff package and contact the Servicer to resolve any discrepancies
4. For loans without yield maintenance, Freddie Mac will upload the approved payoff statement into DMS. An email will be sent to the Servicer that the approved payoff statement has been uploaded.

Loans with yield maintenance:

1. Within five business days (but no less than three business days) prior to the estimated payoff date, the Servicer recalculates the Prepayment/Payoff premium and uploads the following into DMS
 - UPB at Payoff
 - Final Prepayment/Payoff Calculation
 - **Note:** A Yield Maintenance Calculator is available in MultiSuite® for Investor Reporting (MSIR)
2. The Multifamily Loan Accounting Payoff Team will review the Servicer's yield maintenance calculation and UPB
3. Within three business days (but no less than two business days) prior to the actual payoff date, Freddie Mac will upload the approved payoff statement into DMS. An email will be sent to the Servicer that the approved payoff statement has been uploaded.

- When the Servicer notifies the Loan Accounting Payoff Team that a bond loan is scheduled to pay off, the Payoff Team will notify Freddie Mac's Legal Division for external counsel to be assigned and provide guidance on Freddie Mac's behalf. Once the Payoff Team receives the name of the external counsel assigned and the contact information, the Servicer will be provided with this information.
- The Payoff Team acts as liaison between Freddie Mac, Servicer, Legal (Internal and External), Trustee and Borrower's Counsel
- The Borrower's Request and other correspondence will be emailed to external counsel. The Attorney assigned to the bond payoff will let both Freddie Mac and the Servicer know if sufficient notice was given by the Borrower.

- External Counsel reviews the draft bond payoff letter and makes changes to the letter in accordance with agreed upon time lines and details of the prepaying Bond
- The draft Bond Payoff Letter is sent back to Freddie Mac's Payoff Department and changes are made to the letter. The final bond payoff letter is sent to management for review and approval along with calculations related to the prepayment
- The final Payoff confirmation letter is approved and uploaded in DMS by Management
- An email is sent to the Servicer informing them that the approved bond payoff letter is uploaded in DMS
- On the payoff date, the Servicer notifies Freddie Mac MF Loan Accounting of receipt of payoff funds

1. When a payoff date is changing on a loan, it is the Servicer's responsibility to notify the Payoff Department of the new payoff date

- » Send an email to mfopsloanacctpayoffs@freddiemac.com including:
 - New Payoff Date
 - Confirm UPB at payoff

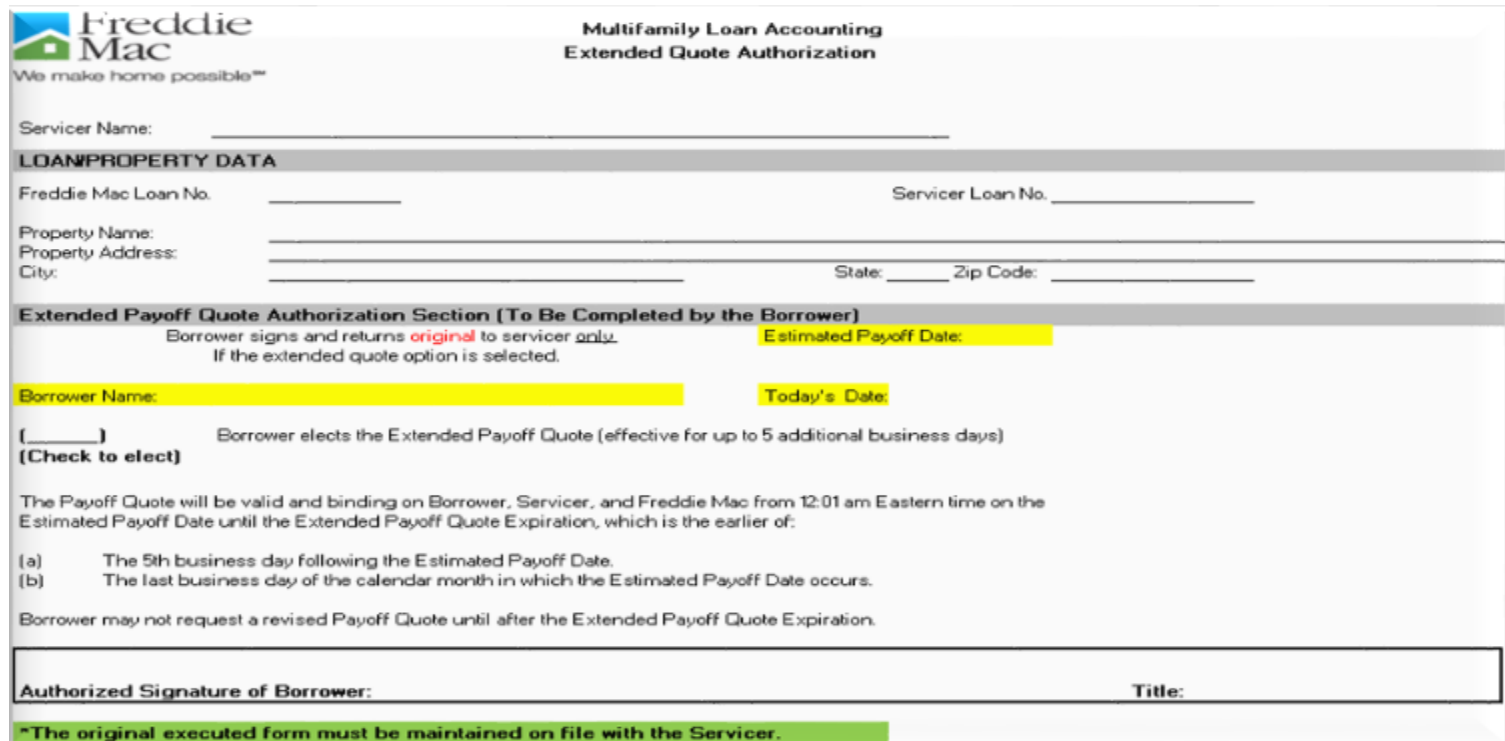
**For loans that have no prepayment premium or the premium is a percentage, the Servicer must also upload their revised final payoff calculation into DMS once the new payoff date has been determined

2. When a payoff date has changed on a loan that has yield maintenance due at payoff, the Servicer must send an email notifying Freddie Mac of the payoff date change and upload a revised Servicer yield maintenance calculation into DMS. The revised Servicer yield maintenance calculation must include the following revised information:

- » Payoff Date
- » UPB
- » ARR (Assumed Reinvestment Rate)
- » Yield maintenance due at payoff

Payoff Date Changes (Cont'd)

3. If the Borrower elected the Extended Payoff Option, the Servicer must send an email to the Payoff Mailbox indicating that the Borrower previously selected the Extended Prepay Option. The Servicer must also provide the new payoff date.



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We make home possible™

**Multifamily Loan Accounting
Extended Quote Authorization**

Servicer Name: _____

LOAN/PROPERTY DATA

Freddie Mac Loan No. _____ Servicer Loan No. _____

Property Name: _____

Property Address: _____

City: _____ State: _____ Zip Code: _____

Extended Payoff Quote Authorization Section (To Be Completed by the Borrower)

Borrower signs and returns **original** to servicer **only**. **Estimated Payoff Date:** _____

If the extended quote option is selected.

Borrower Name: _____ **Today's Date:** _____

(☐) Borrower elects the Extended Payoff Quote (effective for up to 5 additional business days)

[Check to elect]

The Payoff Quote will be valid and binding on Borrower, Servicer, and Freddie Mac from 12:01 am Eastern time on the Estimated Payoff Date until the Extended Payoff Quote Expiration, which is the earlier of:

(a) The 5th business day following the Estimated Payoff Date.

(b) The last business day of the calendar month in which the Estimated Payoff Date occurs.

Borrower may not request a revised Payoff Quote until after the Extended Payoff Quote Expiration.

Authorized Signature of Borrower: _____ **Title:** _____

***The original executed form must be maintained on file with the Servicer.**

Submitting a Payoff Request

- When submitting a payoff request, it is the Servicer's responsibility to notify Freddie Mac via the Document Management System (DMS) or through email: mfopsloanacctpayoffs@freddiemac.com
- Refer to *Freddie Mac Seller/Servicer Guide* (Guide) 51.1(b)

▼ Document Management System

- [DMS - Using the Batch Upload Feature](#) [PDF] 🔒 ⓘ 5/7/2013
- [DMS Document Type Retirement List](#) [PDF] 🔒 ⓘ 6/12/2014
- [DMS for Multifamily Loan Servicing Site Tutorial and Webinar](#) [PDF] ⓘ 8/25/2014
- [DMS Login Instructions](#) [PDF] 🔒 ⓘ 8/5/2014
- [DMS Master Document List Mapping](#) [XLS] 🔒 ⓘ 11/3/2014
- [DMS Training Webinar](#) ⓘ 3/5/2014
- [DMS User Manual](#) [PDF] 🔒 ⓘ 11/1/2011 ←

▼ Investor Reporting References

- [Loan Accounting Freddie Mac Contact List](#) [PDF] ⓘ 5/5/2014 ←
- [Loan Payoff Notice](#) [XLS] ⓘ 12/9/2014
- [Monthly Reporting and Remitting Calendar - 2014](#) [PDF] ⓘ 12/19/2013
- [Reserves Reporting Template](#) [XLS] ⓘ 4/24/2014
- [Sales Data Update Template](#) [XLS] ⓘ 5/1/2014

- Report the payoff via MultiSuite® for Investor Reporting and verify if the payoff transmission was accepted by Freddie Mac
 - » Payoff Reporting is generally due within two business days of the payoff date. Refer to Servicing Agreement or the Guide for exceptions
- If the payoff transmission was not accepted, then click the Summary button in the Packaging Screen to review the reason the payoff reporting is rejected
- Reporting payoffs dates may vary
- Confirm acceptance of payoff
- Servicer must report payoffs by the last Business Day of the month in which the payoff occurred. Refer to Section 50.10(d) of the Guide

Reporting Payoff Example – Mortgage

Search

Loan Activity

Express

Packaging

Delinquency

Import

Exception Code 61 Payment in Full ▼

Actual/Actual	
	Actual
Beginning UPB	16,467,008.74
Principal	0.00
Net Yield Interest	0.00
Late Fee	0.00
Default Interest	0.00
Interest on Arrears	0.00
Negative Amortization	0.00
Capitalized Items	0.00
NonCash Princ	0.00
Additional Principal	16,467,008.74
Exception Interest	32,374.58
Prepayment Premium	0.00
Ending UPB	0.00

Remittance Amount 16,499,383.32

EOC DDLPI 12/01/2013 ▼

Transaction
 Date (Actual) 12/27/2013 ▼
 Number 1 of 1

Replacement Reserves

Disbursements 0.00

Balance 0.00

Negative Amortization

Decrease 0.00

Balance 0.00

Suspense Balance 0.00

Reporting Payoff Example – Bond Loan

Search

Loan Activity

Express

Packaging

Delinquency

Import

Exception Code 51 Bond and Loan Payoff

Trans Date 05/15/2017 1 of 1

Bond	Loan	Trustee	Freddie Mac
Beginning UPB	20,600,000.00		
Principal	0.00	0.00	0.00
Prin Reserve Deposit	37,800.98	37,800.98	0.00
Prin Sinking Receipt	0.00	0.00	0.00
Prin Sinking Applied	0.00	0.00	0.00
Bond Interest	21,768.27	0.00	21,768.27
Early Interest Receipt	0.00	0.00	0.00
Early Interest Applied	0.00	0.00	0.00
Total C.E. Fee	20,023.45		20,023.45
Other Bond Fees	9,854.23	4,617.92	0.00
Late Fee	0.00		0.00
Default Interest	0.00		0.00
Interest on Arrears	0.00		0.00
Additional Principal	20,600,000.00	0.00	20,600,000.00
Prepayment Premium	824,174.91	0.00	824,174.91
Ending UPB	0.00		
Remittance Amount		42,418.90	21,465,966.63

Dates—

EOC DDLP 05/01/2017

LC Expire

Replacement Reserves—

Disbursements 169,851.21

Balance 0.00

Principal Reserves—

Deposit 37,800.98

Disbursements 2,806,505.34

Balance 0.00

Other Balances—

Suspense 0.00

Prin Sinking 0.00

Early Interest 0.00

Reporting Payoff Example – MSIR Packaging Screen

Search

Loan Activity

Express

Packaging

Existing Loans							Unlock
Tag	Svcr Loan Number	FM Loan Number	Rptg Due Date	Latest Date Sent	LLR Status	Exc Code	F

New Loans this Cycle							Unlock
Tag	Svcr Loan Number	FM Loan Number	Rptg Rqrd	Rptg Due Date	Latest Date Sent	LLR Status	F

Send

Tag All

Unlock All

Summary

Investor Reporting - Packaging Error

The following errors occurred during the packaging of 02/2014 cycle data. Packaging occurred on 1/30/2014 5:39:40 PM

Close

Print...

FM Loan No	Svcr Loan No	Svcr	Trans	Error Description	Error Type
				Payoff reported does not match Freddie Mac's expected additional principal amount. Please contact the Freddie Mac Portfolio Services Department.	Rejection Error

MultiSuite - Investor Reporting: Packaging

File Edit Go Tasks Reports Help

Invest Rptg

Servicer: Cycle: 02/2014

Existing Loans							Unlock
Tag	Svcr Loan Number	FM Loan Number	Rptg Due Date	Latest Date Sent	LLR Status	Exc Code	F
			03/02/2014	1/30/2014	Rejected	61 3900-	

Send

Tag All

- Remitting Payoff Funds
 - » Remit amount due via GPI (Global Payments Inc.) by call-in before 8 p.m. ET on the business day *preceding* the remittance due date
 - Payoff funds are generally due within five business days of the payoff date. Refer to Servicing Agreements or the Multifamily Guide for exceptions

- When a loan pays off and the Loan Accounting Investor Reporting has resolved all outstanding issues, Freddie Mac sends the paid and cancelled Note back to the Servicer. The Servicer should prepare the satisfaction/release for the loan(s) and forward it to Freddie Mac for execution. The satisfaction/release should be sent to the Payoff Department. Freddie Mac does not prepare or execute UCC Terminations.
- Send the satisfaction/release to mfopsloanacctpayoffs@freddiemac.com
- Once the satisfaction/release is received, Freddie Mac will execute and notarize the document and return it back to the Servicer via overnight mail

Satisfaction/Releases – Securitized Loans



- When a securitized loan pays off and Freddie Mac is the Master Servicer, the Servicer should prepare the satisfaction/release for the paid off loan(s) and forward it to Freddie Mac for execution
- The satisfaction/release should be emailed to the Payoff Department. Freddie Mac must be listed as Master Servicer in the release document. The satisfaction/release should be sent to mfopsloanacctpayoffs@freddiemac.com
- Once the satisfaction/release is received, Freddie Mac will execute and notarize the document and return it back to the Servicer via overnight mail