

# Participation Lending



**Freddie Mac  
Secondary  
Market Loan  
Servicing**

**CU\*BASE Lending Tools**

Rev. April 16, 2015

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# Freddie Mac Secondary Market Loan Servicing

## Tracking FHMC Participation Loan Investor Activity with CU\*BASE

### INTRODUCTION

Participation lending refers to sharing loan risk and income among partner organizations (investors). The credit union sells or buys all or part of a loan. The investors can be other credit unions or other organizations.

Loans sold to other organizations (investors) are tracked in the **CU\*BASE Participation Lending** system.

Loans purchased from other organizations are tracked by assigning a separate G/L account and the **CU\*BASE Investment Subsidiary** can be used to accrue the monthly interest.

### FREDDIE MAC PARTICIPATION LENDING

Freddie Mac is a secondary market servicer for mortgage loans. Mortgage loans that are sold to Freddie Mac are maintained in the **CU\*BASE Participation Lending** system. This group of loans is identified by unique investor ID(s). Also, a unique Settlement calculation routine is defined which determines how loan payments are settled with Freddie Mac. The loans are set up on the member file with a 360-day interest calculation type.

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Revision date: April 16, 2015

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# FREDDIE MAC PARTICIPATION

## LENDING: HOW TO GET STARTED

### UNDERSTANDING THE TERMS

<i>Term</i>	<i>Description</i>
Participation Loan	Any loan account on the credit union's books where the risk and income for that loan is shared among one or multiple partners (investors).
Participation Loan Investor (PLI)	The partner credit union or other organization that shares in the investment income and the risk for the loan.
Secondary Market Loan Servicer	An investor that purchases loans from a financial institution.
Government investor	General term for government-sponsored investors such as Fannie Mae, Freddie Mac and FHLB.
P&I Custodial Account	A credit union share account that holds the funds (Principal and Interest) to be remitted to a government investor.
T&I Custodial Account	A credit union share account that stores the reported balances of member escrow (Taxes and Insurance).
FNMA	Abbreviation for Fannie Mae.
FHMC	Abbreviation for Freddie Mac.
FHLB	Abbreviation for Federal Home Loan Bank.
PART	Abbreviation for standard 365 participation loans.
P360	Abbreviation for other 360 participation loans.
360 loan	A loan with an <i>Interest calculation type</i> of "3 = 360 /Post" in CU*BASE. Interest is based on twelve 30 day months, calculated once each month on a specified day.
365 loan	A loan with an <i>Interest calculation type</i> of "0 = 365" in CU*BASE. This is the standard daily interest calculation using a 365 or 366 day year. Interest is accrued each day using a per diem interest amount.
Participation loan type	A code that allows participation loans to be grouped for servicing and reporting.
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365 participation loans), and P360 (other 360 mortgage loans).
Company code	A 3 digit code that identifies companies that service participation loans, i.e. a mortgage CUSO.
Settlement type	The method used for determining how funds are paid to the PLI: AA (Actual/Actual), using actual activity on the loan; SA (Scheduled/Actual), using scheduled interest and actual principal collected from the member or SS (Scheduled/Scheduled), using a set table of principal and interest payment amounts for each month.  Note: The SS (Scheduled/Scheduled) settlement type is not

<i>Term</i>	<i>Description</i>
	available for use at this time.

## CONFIGURATION

1. Set up a loan category code for Freddie Mac loans. This code must be specific to Freddie Mac loans. **Refer to Page 75.**
2. Set up a share product (dividend application) for the FHMC member escrow accounts. This code must be specific to Freddie Mac accounts. **Refer to Page 80.**
3. Set up two member Custodial Accounts. One is for Principal and Interest (P&I) and the other is for Taxes and Insurance (T&I). These accounts should be non-interest bearing with application type SD.
4. Verify that there is a “Delinquency Fine Code” set up for mortgage loans. Refer to **Loan Fines Configuration** on the Loan Products (MNCNFB) menu.
5. Set up the participation loan general ledger accounts. **Refer to Page 89.**
6. Configure a Participation loan type code to categorize the Freddie Mac loans. **Refer to Page 81.**
7. Configure the Freddie Mac Investor information. **Refer to Page 82.**
8. Configure the Settlement calculation routine FHMC. **Refer to Page 86.**
9. Configure Company codes if applicable (not required). **Refer to Page 88.**

## CREATE LOANS

10. Using the information from the Freddie Mac Funding Details report, create loans in the participation loan system. **Refer to Page 12.**

Note: The loan should already be set up on the CU\*BASE loan file.

## PREPARE PC FOR DOWNLOADS

For monthly reporting to Freddie Mac, a file referred to as the Midanet file is downloaded to your PC. Refer to **Page 49** for details on government reporting.

11. If you do not have authority to perform downloads, complete the CU\*BASE authorization form. You will need to request access to the file FILExx/FMLNSNDCUA (xx in the CU ID) or FILExx/FMLNSNDxxx (xxx is the Company code).
12. Set up a separate folder on your PC named “Midanet” for storing the Freddie Mac Midanet file.
13. Request client access files from Lender\*VP at [sales@lendervp.com](mailto:sales@lendervp.com). These files are needed for the automated Freddie Mac download.

## KEY ITEMS TO REMEMBER

The participation loan system is basically a subsidiary ledger, similar to Investments or Fixed Assets, that retains details about loans sold to other investors. Loan payment activity is collected from the member transaction

file, pulled into a temporary work file, and settlement routines are run to calculate the amount of interest and principal owed to each individual investor for each loan. This process interfaces with your General Ledger to record interest and principal amounts.

Below is a list of a few key items that you need to know about the participation loan system.

### **ALL INVESTORS**

- Each PL investor is configured with their own unique set of parameters.
- It is important to understand the rules for the specific investor (for remitting payments, deadlines for reporting to investor, etc.). Refer to investor contractual guidelines.
- A participation loan work file is processed to gather details about member loan payments for use in calculating settlement amounts. Some investors process multiple work files during the month and some process only once a month.
- Work file processing is based on a configured settlement calculation routine which defines how the loans are handled in settlement. Available routines include: FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard participation loans) or P360 (other 360 loans).
- Be sure to process a final settlement work file for all loans for an investor before moving to the next settlement period.
- The balances for principal and accrued interest in the participation loan file should be kept in sync with the corresponding PL General Ledger accounts. (Principal and Accrual G/L).
- For 360 loans, the participation loan interest accrual is independent of the member interest accrual. This is a separate step that occurs monthly.
- A Company Code is used to identify companies that service your participation loans such as a mortgage CUSO. These loans are processed separately in settlement.
- For 365 loans, when partial payments are received, the PL system calculates the appropriate percentage of principal and interest based on the PLI % of participation.
- Line of credit (LOC) type loans cannot be set up in the Participation loan system.

## GOVERNMENT INVESTORS (FNMA, FHMC, FHLB)

- The system contains edits to ensure that all the monthly processing steps occur in the correct order. Because of these edits, the system requires all loans within a settlement calculation routine (i.e. FNMA) to be settled prior to moving to the next settlement period. This is regardless of whether or not there was payment activity on the loans.
- It is crucial that the “Day to calculate interest” on the loan category configuration and the PL “Monthly interest accrual day” on the Settlement calculation configuration are set up as follows:

<i>Settlement Calculation Routine</i>	<i>Day to Calc Int (member file)</i>	<i>Monthly Interest Accrual Day (PL)</i>
FNMA(Fannie Mae)	31	01
FHMC(Freddie Mac)	15	16
FHLB	31	01

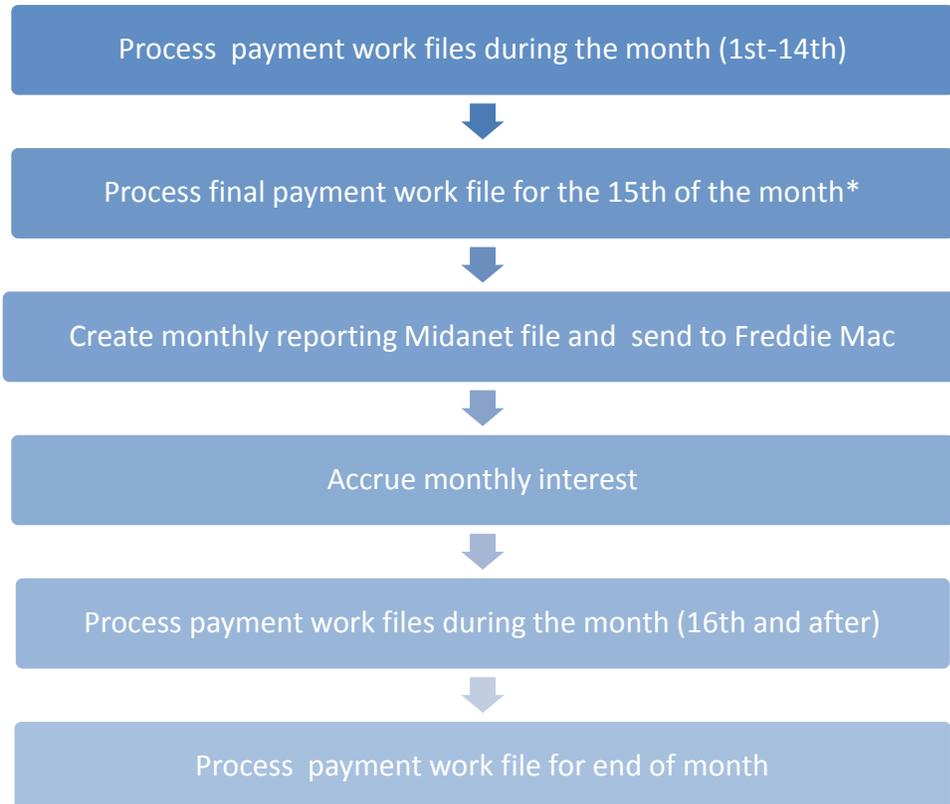
Note: Since these are 360-day interest calculation loans, the member interest accrual will occur in end-of-day (EOD) processing on the “Day to calculate interest” defined on the loan category configuration.

- For delinquent loans, the “Past Due Interest” field is populated during PL interest accrual (similar to how delinquent 360 loans are handled on the member file). This applies to loans with the AA (Actual/Actual) settlement type.
- After government reporting, it is critical that PL interest is not accrued until the exceptions from the investor are reviewed. That way any adjustments can be made in the appropriate settlement period.
- Payoff transactions received during the month must have interest adjusted in the work file (unless occurred on the first day of the cycle, just after interest accrual).
- The system will calculate interest “on the fly” for paid ahead payments similar to the “Instant Interest Calc” method used on the member loan file. This applies to loans with the AA (Actual/Actual) settlement type.

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# FREDDIE MAC MONTHLY PROCESS CYCLE

This section summarizes the monthly processing steps for Freddie Mac loans. This is for loans set up with a settlement type of SA (Scheduled Actual). **SA is the REQUIRED and ASSUMED Accounting Method for Freddie Mac.**



\*SA loans have an additional step before posting the work file to move the unpaid interest from “Interest Due” to “Interest Paid”.

## DAILY PROCESSING

Below are the recommended daily processing steps for Freddie Mac loans.

1. Use **Review Mbr Activity on Part Lns** on the Participation Loan Processing (MNPART) menu to check for payment activity. This report is run by investor. If there is payment activity, a work file should be run. Refer to **Page 29**.
2. Use **Review Unfunded Loans** on the Participation Loan Processing (MNPART) menu to check for unfunded participation loans (open in the member loan file, but not on the participation loan file). This report is run by loan category. Refer to **Page 31**.

*If there are unfunded loans, add them to the participation loan system. Refer to **Page 12** for the steps to add a loan to the PL system.*

3. Use **Review Paid Off Loans** on the Participation Loan Processing (MNPART) menu to check for loans that are paid off on the member loan file. Refer to **Page 32**.

*If there are paid off loans, it is recommended (but not required) to run a separate work file for each paid off loan. Be sure to review the interest amounts in the work file and make any appropriate adjustments.*

4. If loan payments exist (from Step 1), run a work file via **Create/Post PL Payment Work File** on the Participation Loan Processing (MNPART) menu. Review the PL Settlement Detail Report. Edit and then Post the work file.

*Posting the work file creates a G/L journal entry and updates the PL history and PL master file. Note the "Total Cash Settlement" from the **Final Version** of the PL Settlement Detail Report. This amount gets posted to the P&I Custodial Account per Step 6.*

**Important Note:** *You must always run a work file at month end regardless of whether there is loan payment activity.*

5. Use **Create/Post G/L Journal Entries** on the Participation Loan Processing (MNPART) menu to post the journal entries.

**IMPORTANT NOTE:** *Do not change any of the journal entry amounts.*

6. Post the final "Total Cash Settlement" amount (from Step 4) to the P&I Custodial Account using **Member Acct Adj/Post to Cust Acct** on the Participation Loan Processing (MNPART) menu.
7. If payoff transactions exist in the work file or it is the final settlement work file (15th of the month), the funds must be remitted to Freddie Mac. Refer to the FreddieMac.com website for details on remittance.

8. Verify the participation loan general ledger principal balance and accrued interest totals\* to the PLI Trial Balance Summary principal balance and accrued interest totals.

*\*Use "G/L History Inquiry" to view the G/L balances or use "Print G/L Financial" to print a financial that contains the participation loan G/L account balances.*

9. Access the Escrow Share Detail Report in CU\*SPY. Use the totals for positive and negative balances on this report to make adjustments to the T&I Custodial Account to balance to the "Freddie Mac funding for negative accounts" G/L account. Refer to **Page 47** for more information.

## MONTHLY PROCESSING

After performing the daily processing (Steps 2-9 in the Daily Processing section), follow the steps below. Be sure to use the 15<sup>th</sup> of the month for the work file (per Step 4) to process outstanding loan payments.

**Important Note:** *You must always run a work file for the 15<sup>th</sup> of the month regardless of whether there is loan payment activity. This is so that system control dates are updated properly.*

10. Create the monthly reporting Midanet file via **Create Monthly Gov Investor File** on the Participation Loan Processing (MNPART) menu.
11. Download the Midanet file to your PC per *Download File* (F14) on the "Create Monthly Gov Investor File" screen. **Refer to Page 49.**

*Note: If a Company code exists on the file, then "Download File" (F14) is not available. You must manually download the file per the steps on **Page 52.***

12. Perform the recommended procedures from Freddie Mac to upload the file to the FreddieMac.com website.

## NEXT BUSINESS DAY

13. Access the FreddieMac.com website and review any exceptions (Edits) from the reporting file. Process any necessary adjustments to loans. **Refer to Page 21.**

*Important Note: Be sure to backdate the adjustment so that it applies to the appropriate reporting period (i.e., the 15<sup>th</sup>).*

14. Run **Accrue Interest for 360 Loans** on the Participation Loan Processing (MNPART) menu. **Refer to Page 53.**
15. If your CU has Rural Development loans, run the report using **Rural Development Loan Detail** on the Participation Loan Processing (MNPART) menu. The total delinquent balance is reported monthly to the USDA. Full reporting is done quarterly. **Refer to Page 63.**

**16. OPTIONAL STEP:** For research purposes, you can also run and save the Settlement Activity Report which provides history detail of participation loans. **Refer to Page 61.**

## **RECONCILIATION**

The participation principal loan balances and interest accrued amounts on the Participation Loan Trial Balance Summary should always equal the appropriate participation loan general ledger balances.

Freddie Mac requires two reconciliation reports, the 59 and 59E Custodial Account worksheets to be completed monthly. The P&I and T&I Custodial Accounts are reconciled using these forms. Follow the instructions on the Freddie Mac website. Refer to the Appendix for form samples.

## **OTHER MONITORING**

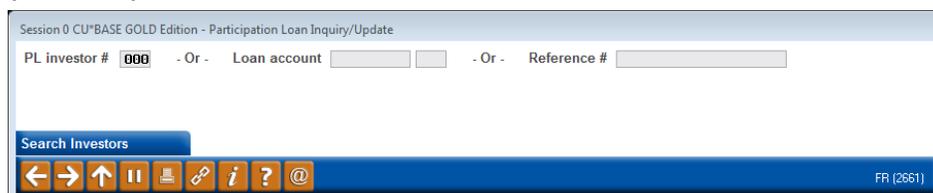
Delinquency can be monitored using the Participation Loan Delinquency Analysis report which provides the investor portion of the delinquent balances. Refer to **Page 67** for information on this report.

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# WORKING WITH PARTICIPATION LOAN ACCOUNTS

## ADD/MAINTAIN A PARTICIPATION LOAN

### “Add/Maintain Participation Loans” on the Participation Loan Processing (MNPART) menu



This is the first of several screens used to add, view and/or work with participation loan accounts. You can attach loans to investors, view an investor’s current position on a loan, review settlement history on loan accounts, and post adjustments to the participation loan records.

- To work with all loans for a specific investor, or to attach new loans to any investor, enter the PL investor # and use **Enter** to proceed to the second screen.
- To work with an existing participation loan account, enter either the loan account base and suffix or the reference number (up to 20 alphanumeric characters) attached to the participation loan record, then use **Enter** to proceed to the second screen. (This method cannot be used unless the account is already tied to an investor.)

*CU\*TIP: Use “Search Investors” (F12) to view a list of current Participation Loan Investor (PLI) codes. The screen shown on **Page 82** will appear with the listing of configured investors. Use **Select** to choose an investor.*

The second screen will look slightly different depending on what was entered on the initial screen.

**Screen 2 (if PLI # was entered on initial screen):**

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

### Participation Loan Inquiry/Update

PL Investor #  FREDDIE MAC

Last Settlement	
Total PL principal balance	4,055,312.42
Total PL interest due	16,126.73

Account	Type	Seq #	Name	Reported Month	Reported Balance	Reference
780	001			May 11, 2009	0.00	485718359
780	001			Oct 15, 2013	126,499.55	503358878
780	001			Oct 15, 2013	103,983.44	502443782
780	001			Jan 15, 2012	0.00	484979353
780	001			Jan 26, 2009	0.00	509180817
780	001			Jul 15, 2013	0.00	506035220
780	001			Oct 15, 2012	0.00	504586912
781	001			Oct 15, 2013	146,051.91	742528669
780	001			Feb 24, 2008	0.00	484979388
781	001			Oct 15, 2013	125,683.22	497624915
780	001			Apr 20, 2009	0.00	526237872
780	001			Oct 15, 2013	67,080.09	497624923
780	001			Oct 15, 2013	16,455.46	497882477
780	001			Oct 15, 2013	36,949.92	506739457
780	001			Dec 15, 2012	0.00	507406141
781	001			Oct 15, 2013	113,808.05	749170832

Change Delete PL Inquiry Member Inquiry

Add  
Sort by Reference  
Search Investors

FR (2655) 11/26/13

HINT: Use *Sort by Reference* (F11) to change the sort from Account to Reference # .

**Screen 2 (if Loan Acct was entered on initial screen)**

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

### Participation Loan Inquiry/Update

Loan account

Last Settlement	
Total PL principal balance	126,499.55
Total PL interest due	632.50

Account	Type	Seq #	Name	Reported Month	Reported Balance	Reference
780	001			Oct 15, 2013	126,499.55	503358878

Change Delete PL Inquiry Member Inquiry

Add  
Sort by Reference  
Account Analysis

FR (2655) 11/26/13

This screen shows all loans currently attached to investors or the single loan account selected. Use the fields at the top of the screen to choose a different PLI or a different loan account. Use **Enter** to refresh the screen.

**Field Descriptions**

Field Name	Description
------------	-------------

<i>Field Name</i>	<i>Description</i>
Account	The participation loan account.
Type	The participation loan account suffix.
Seq #	A sequence number attached to this record. The number is incremented if a loan is added to the same investor multiple times. The sequence number will always be 001 for Freddie Mac loans because these loans are 100% owned by investor.
Name	The member name.
Reported Month	The last date the loan was reported to the investor (in this case Freddie Mac).
Reported Balance	The balance on the loan account as of the last time the loan was reported to the investor.
Reference	The Freddie Mac 9 digit reference number.

### **Buttons**

<i>Command Key</i>	<i>Description</i>
Add (F6)	Use this to attach a new loan account to this investor.
Toggle Sort (F11)	Use this to toggle sort between account or reference #.
Search Investors (F12)	Use this to view a list of the current configured participation loan investors.
Account Analysis (F15)	Use this to view an analysis of all investor positions on this loan.

- To create a new participation loan and attach it to an investor, use **Add (F6)** to proceed to the Participation Loan Setup screen (shown on **Page 15**).
- To modify an existing account, select it in the list and use the **Change** option to proceed to the Participation Loan Setup screen (shown on **Page 15**).
- To view details for an account without changing anything, select it in the list and use the **PL Inquiry** option. A view-only version of the Participation Loan Setup screen (shown on **Page 15**) will appear.
- To view current details about a loan account using CU\*BASE Member Account Inquiry, select the account in the list and use the **Member Inquiry** option.
- To delete a participation loan so that it is no longer tied to an investor, select it in the list and use the **Delete** option. You will receive a delete confirmation window.

*Note: Only loans paid to a zero balance should be deleted so that investor G/L accounts remain in balance.*

## Change or PL Inquiry

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

### Participation Loan Setup

PL investor # 001 Reference # 503358878  
 Loan account 780 Original loan amt 137,600.00 Settlement calc routine FHMC  
 PL type 01 FREDDIE MAC LOANS Sequence # 1 Settlement type SA

Current Loan Status		Servicing Information	
Current balance	126,499.55	Loan rate is	6.250
+ Interest	658.85	Payment	847.23
+ Delinquency fine	0.00	Next scheduled payment	Nov 01, 2013
- Insurance rebate	0.00	Last payment date	Oct 05, 2013
= Loan payoff	127,158.40	Last payment amount	1,065.86
		Loan maturity date	Apr 01, 2038

Last Settlement Detail		PLI Terms	
Reported date	Oct 15, 2013	Status	EXISTING
Term	135 S	PLI loan rate	6.000
PLI principal balance	126,499.55	PLI % of participation	100.00
PLI interest due	632.50	PLI original investment	137,600.00
Principal paid	0.00	PLI projected payment	847.23
Interest due paid	0.00	PLI start date	Feb 29, 2008
Total settlement	55,487.99	PLI end date	Mar 01, 2038
Monthly income earned	632.50		
Action code			
Action date			

If the PLI % of participation is not 100%, be sure that the PLI original investment amount is manually calculated using the PLI % (Loan balance X PLI %).

Add/Update Adjustment Account Inquiry History Account Analysis

FR [2652] 11/26/13

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

### Participation Loan Setup

PL investor # 001 Reference # 503358878  
 Loan account 780 Original loan amt 137,600.00 Settlement calc routine FHMC  
 PL type 01 FREDDIE MAC LOANS Sequence # 1 Settlement type SA

Current Loan Status		Servicing Information	
Current balance	126,499.55	Loan rate is	6.250
+ Interest	658.85	Payment	847.23
+ Delinquency fine	0.00	Next scheduled payment	Nov 01, 2013
- Insurance rebate	0.00	Last payment date	Oct 05, 2013
= Loan payoff	127,158.40	Last payment amount	1,065.86
		Loan maturity date	Apr 01, 2038

Last Settlement Detail		PLI Terms	
Reported date	Oct 15, 2013	Status	EXISTING
Term	135 S	PLI loan rate	6.000
PLI principal balance	126,499.55	PLI % of participation	100.00
PLI interest due	632.50	PLI original investment	137,600.00
Principal paid	0.00	PLI projected payment	847.23
Interest due paid	0.00	PLI start date	Feb 29, 2008
Total settlement	55,487.99	PLI end date	Mar 01, 2038
Monthly income earned	632.50		
Action code			
Action date			

If the PLI % of participation is not 100%, be sure that the PLI original investment amount is manually calculated using the PLI % (Loan balance X PLI %).

Account Inquiry History Account Analysis

FR [2652] 11/26/13

This screen shows details about this participation loan account, both from the credit union's perspective (Current Loan Status/Servicing Information) as well as the investor's point of view (Last Settlement Detail/PLI Terms).

For a new participation loan, start by entering the "Reference #", "Loan Acct" and "PL Type" (if not already defaulted). Use **Enter** to pull in existing loan account information. Then fill in the PLI terms (*PLI loan rate*, *PLI original investment*, *PLI start date*, *PLI end date*, *Next interest accrual date* and *Rural Development flag* (if applicable)). Refer to **Page 20** for additional information on adding new FHMC loans.

When done making changes, use *Add/Update* (F5) to save the record.

**Field Descriptions**

<i>Field Name</i>	<i>Description</i>
<b>General</b>	
PL investor #	The Participation Loan Investor code and name. See <b>Page 82</b> for information on configuring Participation Loan Investors.
Company code	This is a 3 digit code that identifies companies that service participation loans, i.e. a mortgage CUSO. Note: If no Company Codes are configured at your credit union, this field will not display.
Reference #	This is the reference number. For FHMC, the reference number must be 9 digits. This reference number can be used when printing reports as well as when locating this record for maintenance or inquiry.
Loan account	If creating a new record, use these fields to enter the loan account base and suffix. If modifying an existing record, the loan account cannot be changed.
PL type	This is a 2 digit code used to identify a group of loans. If a PL Type is defined on the investor record, it will default here. This is a required field. See <b>Page 81</b> for a discussion of Participation Loan Type codes.
Original loan amount	This shows the original loan amount for the member loan account. This is the original amount borrowed, regardless of investor positions.
Sequence #	A sequential number assigned to this record, for situations where the same loan is assigned multiple times to one investor. (the same investor owns multiple portions of a loan at different rates or terms, for example).
Settlement calc routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365 participation loans), and P360 (other 360 mortgage loans).
Settlement type	The method used for determining how funds are paid to the investor: either by AA ( <i>Actual/Actual</i> ), taking into account actual activity on the loan or SA ( <i>Scheduled/Actual</i> ), taking into account scheduled interest and actual principal collected from the member. Note: The SS ( <i>Scheduled/Scheduled</i> ) settlement type is not available for use at this time.
<b>Current Loan Status</b>	
This section shows the loan from the credit union's point of view, with details coming from your credit union's member loan files.	
Current balance	The current balance on the loan account, as shown in your CU*BASE member files.
+ Interest	The total amount of interest owed on the loan.
+ Delinquency fine	The amount of delinquency fines owed, if any.

<i>Field Name</i>	<i>Description</i>
- Insurance rebate	Any insurance premium rebates due back to the member.
= Loan payoff	For 365 interest calculation type loans, this field calculates the current balance plus any interest and delinquency fines, minus any insurance rebates, to show the current loan payoff amount.  For 360 interest calculation type loans, this field calculates the current balance plus delinquency fines, minus insurance rebates, to show the loan payoff amount. This is a starting payoff amount. An interest adjustment is necessary to arrive at the final payoff amount.
<b>Servicing Information</b>	
This section also shows the loan from the credit union's point of view, with details coming from your credit union's member loan files.	
Loan rate is	The interest rate on the loan account.
Payment	The amount of the regular payment, including principal and interest.
Next scheduled payment	The due date for the next payment.
Last payment date	The date the last payment was made on the loan account.
Last payment amount	The amount of the last payment made on the loan.
Loan maturity date	The loan maturity date.
<b>Last Settlement Detail</b>	
This section shows the status of this participation loan from the investor's point of view, as of the last time a settlement was posted.	
Reported date	The last date that this loan was reported to Freddie Mac.
Term	This shows the term for this loan as of the last settlement. The term is counted starting when the first normal settlement is posted. See <b>Page 35</b> for details on posting settlement.  Next to the term, you will see either an "S" for Settlement or "A" for Adjustment. This indicator shows whether the information in this section represents a regular settlement posting, or an adjustment transaction. See <b>Page 21</b> for details on posting adjustments.
PLI principal balance	The principal balance of the investor's portion of the loan as reported at the last settlement (the amount owed to the investor representing the principal on the loan).
PLI interest due	The amount of interest on the investor's portion of the loan principal balance as reported at the last settlement (the amount owed to the investor representing the accrued interest due on the loan).
Principal paid	The total amount of principal paid from the last settlement work file.
Interest due paid	The total amount of interest paid as reported in the last settlement work file.
Total settlement	The total of principal and interest paid from the last settlement work file.  <i>Principal paid + Interest paid = Total settlement</i>

<i>Field Name</i>	<i>Description</i>
Monthly income earned	The amount of income that was accrued on the investor's outstanding balance for the settlement period.
Action code	The Action code defined by the government investor. This applies to FNMA and FHLB only and is not required.
Action date	The date that the Action code is effective for the government investor.
<b>PLI Terms</b>	
This section shows the terms from the investor's perspective showing the investor's portion of this loan.	
Status	The current status of this participation loan: <b>EXISTING</b> - This participation loan has already had a settlement work file processed. <b>NEW</b> - This participation account is new and has not had a settlement work file processed. <b>CLOSED</b> - This participation account is closed.
PLI loan rate	Enter the interest rate the investor earns on the loan. This field has three decimal positions. (08750 = 8.750%).
PLI % of participation	The percentage (up to 100) of the loan that is owned by the investor (this field has 2 decimal positions). This field defaults to 100% for FHMC loans.
PLI original investment	Enter the total amount of investment by this investor for this loan account. This informational field is not affected by changes to the loan account or settlement activity. Note: On the Freddie Mac Funding Details Report, this is the "Principal Purchased".
PLI projected payment	The estimated payment amount to the investor for this loan account. This field defaults to the member payment amount for FHMC loans. This is an informational field. Note: On the Freddie Mac Funding Details Report, this is the "P&I Constant".
PLI start date	Enter the date the loan was funded with Freddie Mac. Note: This is the begin date for processing in the PL system and will determine when to start picking up payments from the member history. Note: On the Freddie Mac Funding Details Report, this is the "Settlement Date".
PLI end date	The date on which this investor's position in the loan ends. For FHMC, enter the loan maturity date from the member loan file. This field is informational only, the loan will still process normally in the PL system when the PLI end date is reached.
Last settlement date	The last time a settlement work file was posted for the loan.
PL past due interest	This is the amount of past due interest on the participation loan and applies to FNMA, FHLB and P360 AA (Actual/Actual) loans only. This field is populated during PL interest accrual. Field only displays for FNMA, FHLB and P360 loans.
Rural development flag	A Y indicates that this is a Rural Development mortgage loan. Note: Only mortgage loans should be flagged as RD

Field Name	Description
	loans.
Next interest accrual date	The month and year (MMYYYY) that interest will next be accrued on the participation loan system for this loan. This field is only used for 360-day interest calculation type loans and defaults based on the <i>Monthly interest accrual day</i> from the Settlement Calculation Routine Configuration. This field conditionally displays for FNMA, FHLB and P360 loans only.

### Buttons

Command Key	Description
Add/Update (F5)	Use this to save all changes. If creating a new record, a window will appear to allow you to choose whether or not to create a journal entry batch for posting to your general ledger.
Adjustment (F9)	Use this to post a loan payment adjustment to the participation loan. The screen shown on <b>Page 21</b> will appear.
Acct Inquiry (F12)	Use this to view Member Account Inquiry for this loan account.
History (F13)	Use this to view a history of all settlement and adjustment transactions posted to this participation loan. The screen shown on <b>Page 24</b> will appear.
Account Analysis (F15)	This function is generally not used for FHMC loans. For loans with PLI% less than 100%, use this to view an analysis of all investor positions on this loan.

Note: The loan must exist in the member loan file to be added to the participation loan system.

If creating a new participation loan, the following window will appear when *Add/Update* (F5) is used to save:



If this box is checked, a J/E batch will be created and will await posting to your general ledger. Use **Create/Post Journal Entries** to post the journal batch.

**Note on *PLI start date*** – If an incorrect “PLI start date” is entered on a new loan, the loan must be deleted and re-added to the participation loan system. You cannot change the “PLI start date” after the loan has been added. It is recommended that you only change the “PLI start date” prior to when payments are posted to the loan history. If you delete and re-add the loan with a correct “PLI start date” after payments are posted, you will need to re-post the history activity from the original “PLI start date”. Remember to not check the “Create journal entry” box if the new loan has already posted to the G/L.

## New Freddie Mac Loans

Freddie Mac loans are set up with a settlement calculation routine of FHMC and have a settlement type of SA (Scheduled/Actual). When adding new loans to the participation loan system, keep in mind the following:

- *Reference Number* is 9 digits and must be entered correctly for accurate reporting to Freddie Mac. On the Freddie Mac Funding Details Report, this is the “FHLMC Loan Number#”.
- *Next Interest Accrual Date* should be set to the same MMYYYY as the first payment due date on the loan.
- *PLI loan rate* is set to the “ANY Rate” from the Funding Details Report.
- *PLI projected payment* is set to the “P&I Constant” from the Funding Details Report.

*Note: The payment amount on the member file should also equal the “P&I Constant” amount from the Freddie Mac Funding Details Report. If it does not match, you must update the payment amount on the member file.*

- *PLI start date* is set to the “Settlement Date” from the Funding Details Report.
- *PLI end date* is determined from the maturity date on the loan.
- *Rural Development Flag* is set to a Y for loans that are Rural Development. For FHMC this is indicated by the “Contract Product” field on the Funding Details Report.

Remember that the Unfunded Loan Report accessed via the Participation Loan Processing (MNPART) menu helps to identify new Freddie Mac loans that exist on the member file but need to be added to the participation loan system.

### **Additional Step for new loans opened between the 16<sup>th</sup> and EOM**

For new FHMC loans opened between the 16<sup>th</sup> and end of month, you must manually calculate a month’s worth of interest and add it to the PL interest due field in the next work file. This is because interest has already been accrued for the month (on the 16<sup>th</sup>).

## **Special Steps for in house loans sold to Freddie Mac**

### **Step 1 – Loan category maintenance**

Because Freddie Mac requires segregation of loans, a separate loan category is used. When an existing (portfolio) loan is sold to Freddie Mac, the credit union performs maintenance to change the existing loan category to the appropriate Freddie Mac loan category. The principal G/L account is also changed. In nightly processing, the system will automatically make the journal entry to move the principal balance and accrued interest to the new loan category, but no entries are done for the interest income. If the loan has accrued interest since the open date, it is recommended to review the

accrued interest due amount on the loan and adjust the income by creating a journal entry to debit the old income G/L account and credit the new income G/L account\*. This is to ensure your servicing income for the month is calculated correctly.

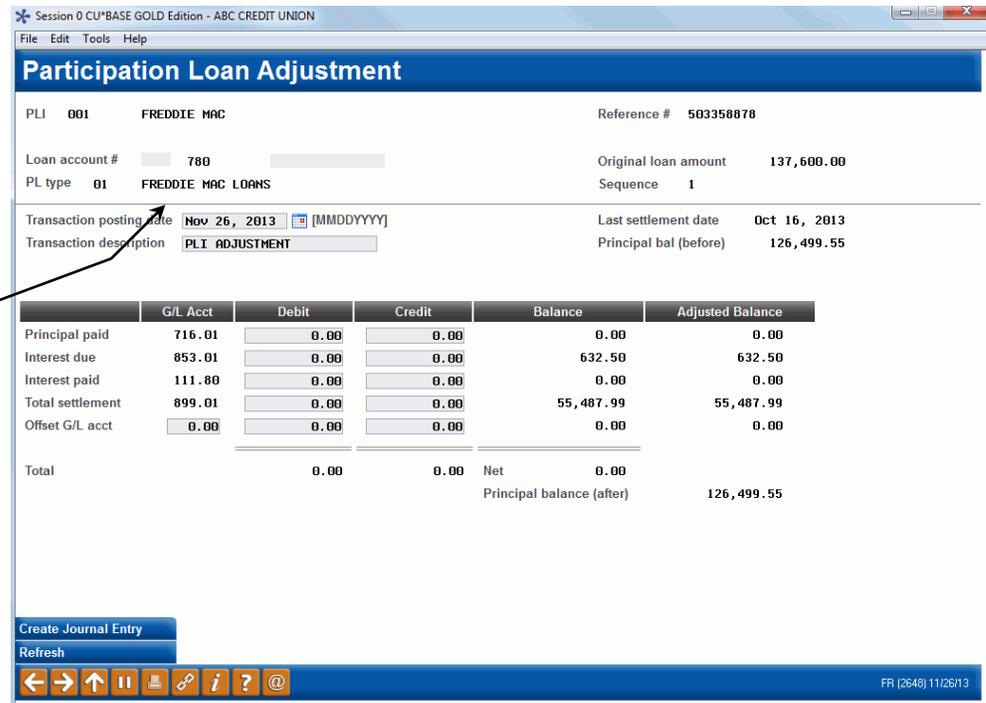
*Hint: Simply look at the accrued interest due on the member loan to determine the journal entry amounts for adjusting the income G/L accounts.*

## Step 2 – Escrow account maintenance

If this Freddie Mac loan has an existing escrow share account, the credit union performs maintenance to change the existing dividend application to the appropriate Freddie Mac dividend application. The principal G/L account is also changed. In nightly processing, the system will automatically make the journal entry to move the principal balance to the new escrow product.

## PARTICIPATION LOAN ADJUSTMENT

### Adjustment (F9)



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File Edit Tools Help

### Participation Loan Adjustment

PLI 001 FREDDIE MAC Reference # 503358878

Loan account # 780 Original loan amount 137,600.00

PL type 01 FREDDIE MAC LOANS Sequence 1

Transaction posting date Nov 26, 2013 [MMDDYYYY] Last settlement date Oct 16, 2013

Transaction description PLI ADJUSTMENT Principal bal (before) 126,499.55

	G/L Acct	Debit	Credit	Balance	Adjusted Balance
Principal paid	716.01	0.00	0.00	0.00	0.00
Interest due	853.01	0.00	0.00	632.50	632.50
Interest paid	111.80	0.00	0.00	0.00	0.00
Total settlement	899.01	0.00	0.00	55,487.99	55,487.99
Offset G/L acct	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	Net 0.00	
				Principal balance (after)	126,499.55

Create Journal Entry

Refresh

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Make sure that the Transaction posting date is dated properly. This date is used for the journal entry and for PL history.

This screen is used to post an adjustment to a loan account in the participation loan system, with a corresponding entry created for posting to the general ledger. The “Balance” column represents amounts from the most recent settlement. After pressing **Enter**, the “Adjusted Balance” column will reflect updated balances based on entries made on this screen.

Some possible uses for this feature:

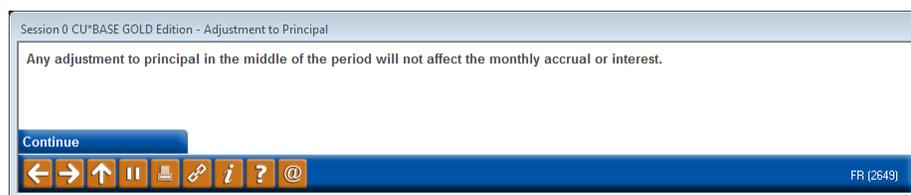
- To adjust the participation amounts due to errors or incorrect information posted during the settlement process, i.e. an adjustment to interest.

- To correct PL history and create corresponding journal entry for reporting file exceptions, i.e. to correct exceptions from government reporting prior to accruing interest.
- When converting from a paper system to the online tracking system, an adjustment might be needed to bring the balances exactly in line.

*Remember that many of these situations can be handled during a settlement by updating the work file before it is posted. The method you use depends on the situation and whether you wish to have a separate adjustment transaction recorded in the PL general ledger. (See **Page 41** for details about editing a settlement work file.)*

The adjustment screen typically is not used for non-government loans (PART or P360) because these loans generally only settle once a month to the investor and adjustments done during the month will not be included in the monthly investor reporting. For PART/P360 participation loans, adjustments are done when editing the settlement work file and therefore will display on the Final Settlement Detail Report.

When done, use **Enter** to refresh the screen and check for any errors. Note: The “Principal balance (after)” will reflect the updated balance to be posted. Then use *Create Journal Entry* (F5) to post the transaction to the participation loan and create a journal entry batch that gets posted to the G/L.



This is a reminder that any changes to principal will result in a new “starting” principal amount used by the settlement calculations. In other words, the new, adjusted principal balance will be considered “retroactive” to the start of that settlement period, and will be used when calculating interest accruals for settlement. **To avoid confusion, we recommend that adjustments that affect principal be done immediately after settlement has been posted, or handled as a change to the settlement work file itself, rather than a separate adjustment transaction.** (See **Page 41** for details about editing a settlement work file.)

Use **Enter** to complete the transaction.

**IMPORTANT:** Remember to use **Create/Post Journal Entries** to post the journal entry to the general ledger.

#### Field Descriptions

Field Name	Description
Transaction posting date	Enter the date to which this transaction should be posted. Note: For correcting reporting file exceptions, be sure that the <i>Transaction posting date</i> corresponds with the appropriate settlement period for the adjustment. For example, if it is 5/17 and you are processing an adjustment for 5/15 (the prior settlement period for FHMC), the

<i>Field Name</i>	<i>Description</i>
	transaction posting date should be 5/15. If you use the 5/17 date, it may create an exception for the current reporting cycle (5/16 -6/15).
Transaction description	Enter a description for this transaction. The default is PLI ADJUSTMENT but it can be changed.
Last settlement date	The last date on which a settlement was posted for this participation loan.
Principal balance (before)	The participation loan principal balance prior to adjustments made on this screen.
Principal paid Interest due Interest paid Total settlement	Use these fields to enter the amounts to be debited or credited to the appropriate G/L accounts for this loan. The G/L Accounts shown represent the accounts that will be debited or credited.  An error message will appear upon using Enter if both a debit and credit entry are placed on the same line: <b>3015-Both debit and credit amounts cannot be greater than zero.</b>
Offset G/L acct	This line is used to post offsetting entries using an activity “clearing” or settlement account, or could represent the cash offset account. Enter both the G/L account number and the debit or credit amount.
Principal balance (after)	The participation loan principal balance after adjustments made on this screen.

### **Manual adjustments for government investors after PL interest accrual**

For government investors, once you have processed the PL interest accrual on the Participation Loan Processing (MNPART) menu, you cannot backdate the “Transaction posting date” on the PL Adjustment screen. If interest amounts need to be adjusted due to reporting file exceptions or a payoff, you must make manual G/L journal entries per the instructions on **Page 45**.

# PARTICIPATION LOAN HISTORY

## History (F13)

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File Edit Tools Help

### Participation Loan Settlement History

PLI 001 FREDDIE MAC Company code Reference # 503350878  
 Account # 780 Original loan amount 137,600.00  
 PL type 01 FREDDIE MAC LOANS Sequence 1

Settlement Date	Term	Principal Balance	Interest Due	Principal Paid	Interest Paid	Total Settlement	Monthly Income
Feb 29, 2008		137,600.00	0.00	0.00	0.00	0.00	0.00
Mar 31, 2008	1	137,600.00	688.00	0.00	0.00	0.00	688.00
Apr 01, 2008	2	137,600.00	0.00	0.00	688.00	688.00	688.00
Apr 20, 2008	3	137,600.00	688.00	0.00	0.00	688.00	688.00
May 05, 2008	4	137,469.43	0.00	130.57	688.00	1,506.57	688.00
May 20, 2008	5	137,469.43	687.35	0.00	0.00	1,506.57	687.35
Jun 08, 2008	6	137,338.18	0.00	131.25	687.35	2,325.17	687.35
Jun 26, 2008	7	137,338.18	686.69	0.00	0.00	2,325.17	686.69
Jul 07, 2008	8	137,206.24	0.00	131.94	686.69	3,143.80	686.69
Jul 20, 2008	9	137,206.24	686.03	0.00	0.00	3,143.80	686.03
Aug 05, 2008	10	137,073.62	0.00	132.62	686.03	3,962.45	686.03
Aug 20, 2008	11	137,073.62	685.37	0.00	0.00	3,962.45	685.37
Sep 09, 2008	12	136,940.31	0.00	133.31	685.37	4,781.13	685.37
Sep 22, 2008	13	136,940.31	684.70	0.00	0.00	4,781.13	684.70
Oct 06, 2008	14	136,806.30	0.00	134.01	684.70	5,599.84	684.70
Oct 20, 2008	15	136,806.30	684.03	0.00	0.00	5,599.84	684.03
Nov 06, 2008	16	136,671.59	0.00	134.71	684.03	6,418.58	684.03

↑ ↓

Add

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FR (2655) 11/26/13

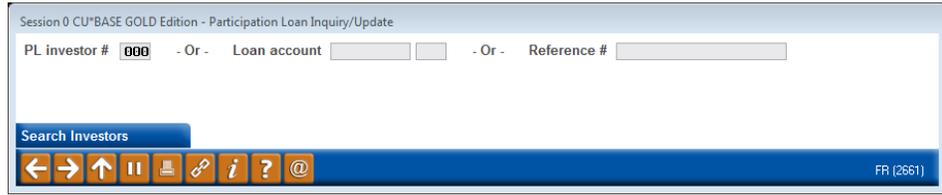
This screen shows a history of all transactions posted to this participation loan including regular settlement activity as well as any adjustments posted manually. Notice the Term column showing the term for which the settlement applies. If an “A” appears after the term number, this transaction represents an adjustment manually posted after settlement. (See **Page 16** for details on posting manual adjustments.)

Making corrections to the history file is only done in rare instances. Contact a representative of the SRS Mortgage Servicing Team [mortgageservicing@xtendcu.com](mailto:mortgageservicing@xtendcu.com) for help with adjustments to the history file.



# PARTICIPATION LOAN INQUIRY

## “Participation Loan Inquiry” on the Participation Loan Processing (MNPART) menu



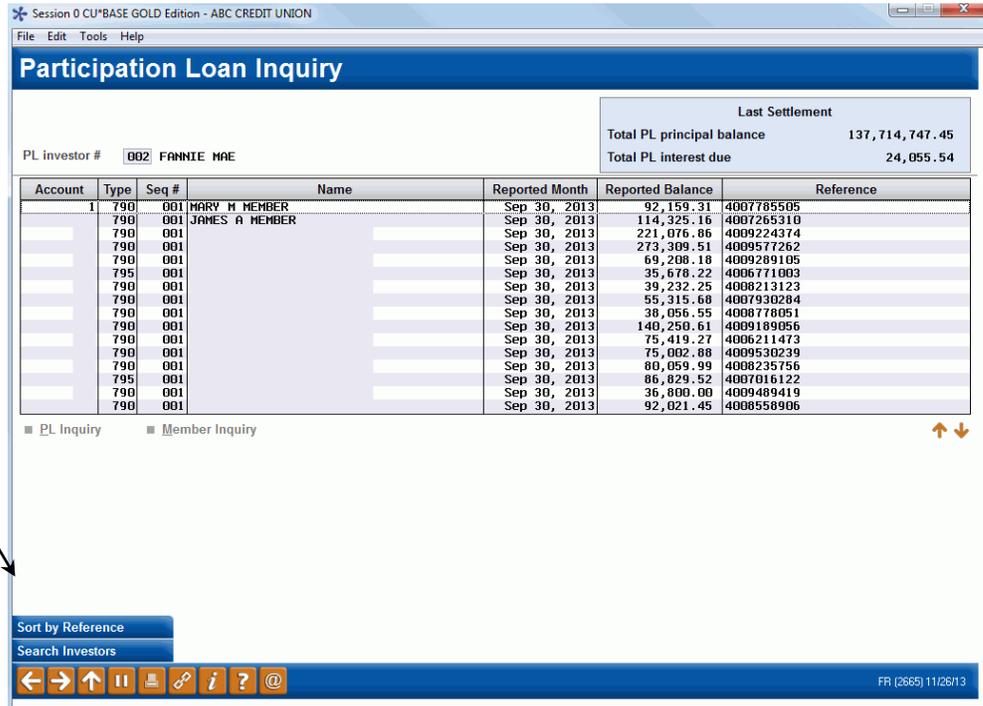
This is the first screen used to view participation loan accounts. You can view general information about the loan and also view an investor’s current position on a loan or review settlement history on a loan.

- To work all loans for a specific investor, enter the PL Investor # and use **Enter** to proceed to the next screen.
- Enter either the loan account base and suffix or the reference number attached to the participation loan record, then use **Enter** to proceed to the second screen.

*CU\*TIP: Use “Search Investors” (F12) to view a list of current Participation Loan Investor (PLI) codes. The screen shown on **Page 82** will appear with the listing of configured investors. Use **Select** to choose an investor.*

The second screen will look slightly different depending on what was entered on the initial screen.

### Screen 2 (if PLI # was entered on initial screen):



HINT: Use **Sort by Reference** (F11) to toggle the sort from Account to Reference #.



Command Key	Description
	of all investor positions on this loan.

- To view details for an account without changing anything, select it in the list and use the **PL Inquiry** option. A view-only version of the Participation Loan Setup screen (shown on **Page 15**) will appear.
- To view current details about a loan account using CU\*BASE Member Account Inquiry, select the account in the list and use the **Member Inquiry** option.

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File Edit Tools Help

### Participation Loan Setup

PL investor # 001 Reference # 503358878  
 Loan account 780 Original loan amt 137,600.00 Settlement calc routine FHMC  
 PL type 01 FREDDIE MAC LOANS Sequence # 1 Settlement type SA

Current Loan Status		Servicing Information	
Current balance	126,499.55	Loan rate is	6.250
+ Interest	658.85	Payment	847.23
+ Delinquency fine	0.00	Next scheduled payment	Nov 01, 2013
- Insurance rebate	0.00	Last payment date	Oct 05, 2013
= Loan payoff	127,158.40	Last payment amount	1,065.86
		Loan maturity date	Apr 01, 2038

Last Settlement Detail		PLI Terms	
Reported date	Oct 15, 2013	Status	EXISTING
Term	135 S	PLI loan rate	6.000
PLI principal balance	126,499.55	PLI % of participation	100.00
PLI interest due	632.50	PLI original investment	137,600.00
Principal paid	0.00	PLI projected payment	847.23
Interest due paid	0.00	PLI start date	Feb 29, 2008
Total settlement	55,487.99	PLI end date	Mar 01, 2038
Monthly income earned	632.50		
Action code			
Action date			

If the PLI % of participation is not 100%, be sure that the PLI original investment amount is manually calculated using the PLI % (Loan balance X PLI %).

Account Inquiry History Account Analysis

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This screen shows details about this participation loan account, both from the credit union's perspective (Current Loan Status/Servicing Information) as well as the investor's point of view (Last Settlement Detail/PLI Terms).

Refer to **Page 16** for detailed descriptions of the fields on this screen.

# SETTLEMENT/WORK FILE PROCESSING

## REVIEW MEMBER ACTIVITY

### “Review Member Activity on Participation Loans” on the Participation Loan Processing (MNPART) menu

<i>Field Name</i>	<i>Description</i>
Corp ID	Corporation ID, defaults to 01.
Transaction date range	The range of dates for the member activity.
PL investors	This is a Select button that allows you to select one or multiple investors to print on the report. (See <b>Page 82</b> for information about configuring PLIs.) A value is required, blank is none.

Before running a work file, run this report to review member payment activity on the selected loans. Enter the “Transaction date range” and the “PL investors”. The report is viewed on the screen and printed via *Print Report* (F14) if desired.

To help determine the “Transaction date range”, check the last time that a settlement work file was processed. For example, if the last payment work file was posted for 1/31/11 and today is 2/10/11, then use 02/01/2011 to 02/09/2011 for the date range.

Keep in mind that this report can be run using any date range, but will only provide activity if transactions exist on the member transaction files. The prior 12 months of member activity is available.

Session 0 CU\*BASE GOLD Edition - FRANKENMUTH CREDIT UNION

File Edit Tools Help

### Member Activity on Participation Loans

CORP 01 CREDIT UNION

Date range Sep 01, 2013 to Sep 30, 2013

Total tran amount	2,935,678.70
Total principal	2,935,678.70
Total interest	425,379.74

PLI	Loan Account	Tran Date	Tran Amount	Principal	Interest	Res Balance	Description	Description 2
002	790	9/02/2013	468.82	141.43	327.39	92,301.24	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	745.66	339.44	406.22	114,359.52	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	152.87	152.87	0.00	114,512.39	XFER FOR ESCROW	
002	790	9/30/2013	1,002.27	356.44	645.83	221,076.06	PC CU TRANSFER	790 FANNIE MAE LOAN
002	790	9/02/2013	1,422.59	508.92	913.67	273,595.51	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	112.09	112.09	0.00	273,707.66	XFER FOR ESCROW	
002	790	9/02/2013	488.61	328.45	160.16	69,560.20	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	11.40	11.40	0.00	69,548.80	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PRIN
002	795	9/02/2013	984.56	844.42	140.14	36,525.81	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/30/2013	461.41	357.95	103.46	39,370.04	TRANSFER PAYMENT	MBR-ELECTED PAYMENT
002	790	9/30/2013	138.59	138.59	0.00	39,232.25	TRANSFER PAYMENT	MBR-ELECTED PRINCIPA
002	790	9/02/2013	679.15	527.83	151.32	55,343.23	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	250.52	250.52	0.00	55,593.75	XFER FOR ESCROW	
002	790	9/02/2013	267.38	187.32	80.06	38,244.26	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/12/2013	680.41	349.25	331.16	75,344.60	PC CU TRANSFER	MBR-ELECTED PAYMENT
002	790	9/12/2013	19.59	19.59	0.00	75,325.01	PC CU TRANSFER	MBR-ELECTED PRINCIP
002	790	9/12/2013	222.08	222.08	0.00	75,547.09	XFER FOR ESCROW	
002	790	9/29/2013	680.41	349.90	330.51	75,197.19	AUTO. FUNDS TRANSFER	

Account Inquiry

Sort by Account

Print Report

FR (4084) 10/31/13

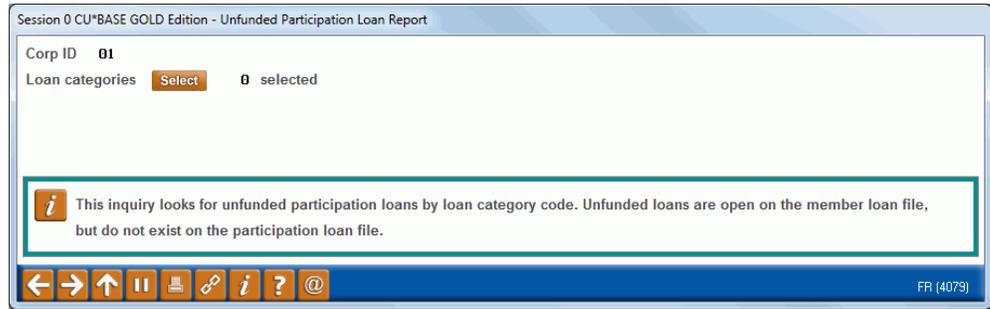
If there is payment activity (regular payments, principal curtailments, account adjustments, payoffs), then the next step is to run a work file to process the payments.

*Important Note: In addition to the monthly reporting work file for the 15<sup>th</sup> of the month, you are required to run an end of month work file for Freddie Mac loans regardless of whether there is member loan activity.*

Refer to **Page 69** for detailed information on this report.

# REVIEW UNFUNDED PARTICIPATION LOANS

## “Review Unfunded Loans” on the Participation Loan Processing (MNPART) menu

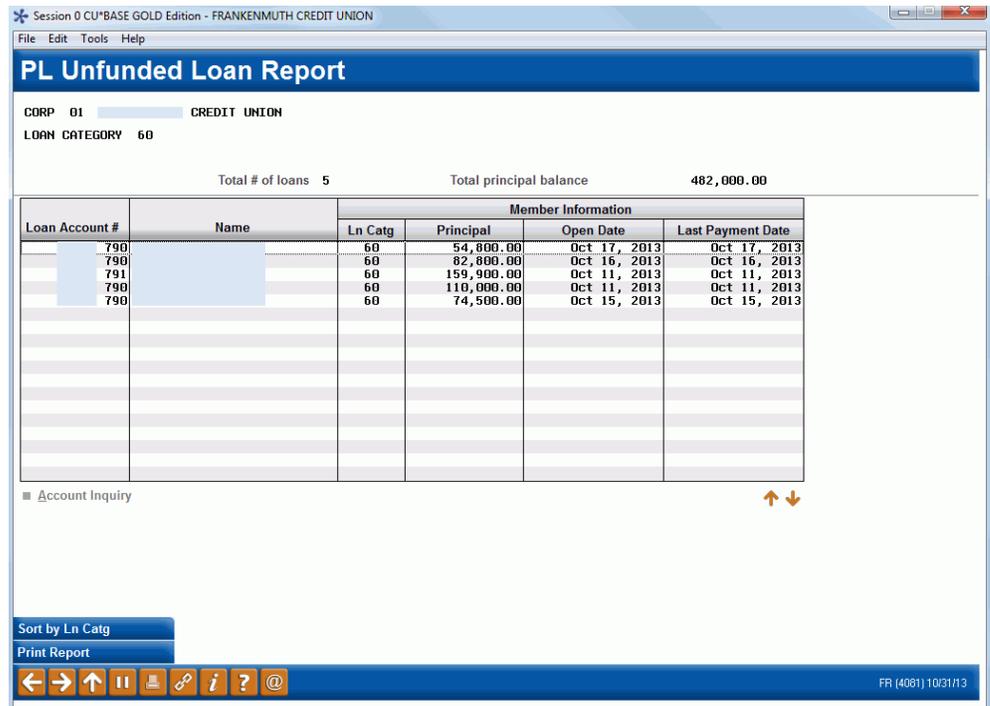


### Field Descriptions

Field Name	Description
Corp ID	Corporation ID, defaults to 01.
Loan categories	This is a select button that allows selection of 1 or more loan category codes. At least one entry is required.

For daily processing, before running a work file, run this report to identify unfunded (new) loans by loan category code. The report is viewed on the screen and printed via *Print Report* (F14) if desired.

Unfunded loans are open on the member file, but do not exist on the participation loan file. This report helps to identify new loans that should be added to the participation loan system and loans waiting to be funded by Freddie Mac. Refer to **Page 12** for the steps to add a loan to the PL system.



Refer to **Page 71** for detailed information on this report.

## REVIEW PAID OFF MEMBER LOANS

### “Review Paid Off Loans” on the Participation Loan Processing (MNPART) menu

#### Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Loan categories	This is a select button that allows selection of 1 or more loan category codes. At least one entry is required.
Closed date range	This is the closed date range based on the date the loan closed on the member file.

For daily processing, before running a work file, run this report to identify closed (paid off) member loans. The report is viewed on the screen and printed via *Print Report* (F14) if desired.

The report is used to identify paid off loans that will need an interest adjustment in the PL work file. If the participation loan status is an “E” (Existing), the closed loan is open on the participation loan system.

This report may be helpful for cleaning up the participation loan files. By identifying the closed (paid off) member loans, the loans with a participation loan status of “C” (Closed) can be manually deleted from the participation loan system by accessing **Add/Maintain Participation Loans** on the Participation Loan Processing (MNPART) menu, selecting the loan, then clicking **Delete**.

*Note: Be sure that the principal and interest is paid to zero in the work file before deleting the loan from the participation loan files.*

Session 0 CU\*BASE GOLD Edition - FRANKENMUTH CREDIT UNION

File Edit Tools Help

### Paid Off Loan Report - Inquiry

CORP 01 CREDIT UNION  
 LOAN CATEGORY 60

Date range Sep 01, 2013 to Sep 13, 2013 Total # of loans 5

Loan Account #	Name	Loan Ctg	Principal	Member Information			PL Sts	RD Ln
				Open Date	Closed Date	Last Pmt Date		
790		60	0.00	Apr 08, 2013	Sep 03, 2013	Sep 03, 2013	C	N
790		60	0.00	Oct 13, 2011	Sep 06, 2013	Sep 06, 2013	C	N
790		60	0.00	Dec 15, 2010	Sep 13, 2013	Sep 13, 2013	C	N
790		60	0.00	Oct 05, 2011	Sep 10, 2013	Sep 10, 2013	C	N
795		60	0.00	Jun 29, 2009	Sep 13, 2013	Sep 13, 2013	C	N

Account Inquiry

Print Report

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Refer to **Page 72** for detailed information on this report.

## PAID OFF LOAN SCENARIOS

Below are examples of different payoff dates throughout the month and the appropriate interest adjustment. These examples are for a FHMC SA loan based upon a “Next interest accrual date” of the 16th of the month and a “PLI loan rate” of 5.00%.

Loan Payoff Date	Principal Balance	Last Pmt	Interest Due (current)	Manual Interest Adjustment in Work File	Resulting Interest Paid
6/4/11	\$94,899	April	\$395.42	<i>Interest Due</i> of \$395.42 moves to <i>Interest Paid</i> in the work file. Add payoff adjustment amount of \$39.00 to <i>Interest Paid</i> (3 days of interest for June 1-3 <sup>rd</sup> )	\$434.42 (395.42+39.00)
6/4/11	\$94,899	June	\$0.00	Verify <i>Interest Due</i> equals zero and adjust <i>Interest Paid</i> by \$39.00 (3 days of interest for June 1-3 <sup>rd</sup> ).	\$39.00
5/25/11	\$94,899	May	\$395.42	<i>Interest Due</i> of \$392.42 moves to <i>Interest Paid</i> in the work file. Subtract payoff adjustment amount of -\$78.00 from <i>Interest Paid</i> (6 days of interest for May 26-31)	\$317.42 (392.42-78.00)
5/25/11	\$94,899	June	\$0.00	Adjust <i>Interest Paid</i> to -\$78.00 (6 days interest refunded May 26-31)	-\$78.00

*Note: Past Due Interest does not apply to Freddie Mac loans because interest is remitted monthly to Freddie Mac regardless of whether the member made a payment.*

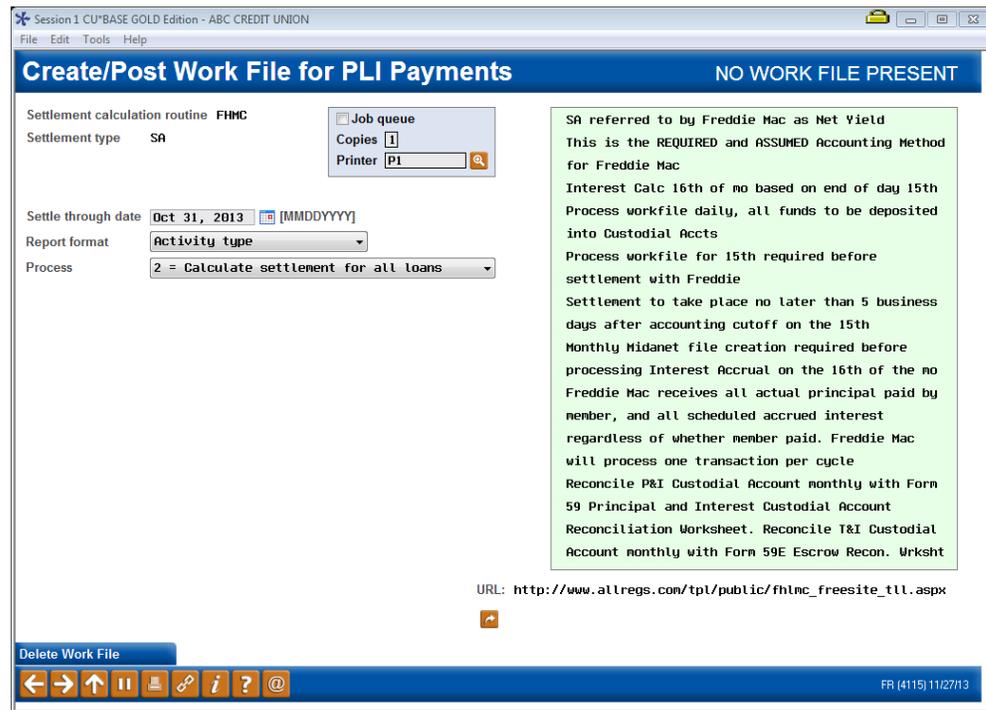
## CREATE/POST PL PAYMENT WORK FILE

### “Create/Post PL Payment Work File” on the Participation Loan Processing (MNPART) menu

This is the first screen used for creating a work file. Enter a “Settlement calculation routine” and “Settlement type”. “Company code” is optional and will not display if no company codes are configured for your credit union.

#### Field Descriptions

<i>Field Name</i>	<i>Description</i>
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard participation loans), and P360 (other 360 mortgage loans).
Settlement type	The method used for determining how funds are paid to the investor: either by AA ( <i>Actual/Actual</i> ), taking into account actual activity on the loan or SA ( <i>Scheduled/Actual</i> ), taking into account scheduled interest and actual principal collected from the member.  Note: The SS ( <i>Scheduled/Scheduled</i> ) settlement type is not available for use at this time.
Company code	This is a 3 digit code that identifies companies that service participation loans, i.e. a mortgage CUSO.  Note: If no Company Codes are configured at your credit union, this field will not display.



This is the second screen used to create, work, or post a work file for loans in the selected settlement calculation routine, settlement type, and company code (if applicable). Settlement can be performed for all loans, a batch of loans with the same PL Investor, or for a single loan account.

### Steps for Processing a Work File

1. Enter the “Settle through date”. This date usually defaults to the prior day. There are two exceptions: 1) It is after the 16<sup>th</sup> of the month and the required mid month work file has not been processed. In this case, the 15<sup>th</sup> of the month will default. 2) A work file already exists for a prior date.

*For FHMC loans, the system requires both the mid month work file (15<sup>th</sup>) and a month end work file to be created and posted.*

2. Choose the “Report format” for the Participation Loan Settlement Detail Report, Activity type (A), Member payment dates (D) or Both (B). Default is A for Activity Type. Refer to **Page 55**.
3. Choose either “Process” option “1=Calculate settlement for investor/loan” or “2=Calculate settlement for all loans” to create the work file (See **Page 37** for more detail on the Process options). Enter to create the work file.

*A work file cannot be created if one already exists for that date, even if it contains only one record. If Work File Status reads “Work File Exists,” use “Delete Work File” (F16) to delete the existing work file.*

4. A message will display showing the number of records written into the work file. The Trial Report version of the Settlement Detail Report will generate (see **Page 55** for a sample of this report). This report lets you review settlement information before the settlement is posted.

5. If desired, use “Process” option “3=Work with Settlement Work File” to review the payment information in the work file and process maintenance to loan accounts. The Trial Version of the Settlement Detail Report will generate from this step.
6. Choose “Process” option “4=Post Work File” to post the work file to the participation loan history and create the journal batch. A message will appear showing the number of records posted. The Final Version of the Settlement Detail Report will generate.

Once you have posted a work file and exited the screen, you cannot re-create a work file for the same date. To make any adjustments to a loan after posting the work file, use the adjustment screen on **Page 21**.

The PL system contains edits for FHMC loans to ensure that all the monthly processing steps occur in the correct order (i.e. must settle payments for the month prior to government reporting, must report to Freddie Mac prior to interest accrual). Because of these edits, the system requires all FHMC loans to be settled for the reporting period prior to processing payments for the next settlement period. This is regardless of whether there was payment activity on the loans.

#### Field Descriptions

Field Name	Description
Work File Status	The status on the top right of the screen will either be “WORK FILE EXISTS” or “NO WORK FILE PRESENT”. The system allows only one work file for each <i>Settlement calculation routine</i> and <i>Settlement type</i> to be present at a time. If one has been created (even if it only contains one account), this will read “WORK FILE EXISTS.” You may use Process option 3 to modify the work file items, or use <b>Delete Work File (F16)</b> to clear the work file (status will change to “NO WORK FILE PRESENT”).
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365 participation loans), and P360 (other 360 mortgage loans).
Settlement type	The method used for determining how funds are paid to the investor: either by <i>AA (Actual/Actual)</i> , taking into account actual activity on the loan or <i>SA (Scheduled/Actual)</i> , taking into account scheduled interest and actual principal collected from the member. Note: The <i>SS (Scheduled/Scheduled)</i> settlement type is not available for use at this time.
Company code	This is a 3 digit code that identifies companies that service participation loans, i.e. a mortgage CUSO. Note: If no Company Codes are configured at your credit union, this field will not display.
Settle through date	Choose a date for this settlement. All payments made from the last settlement date through (but not including) this date

<i>Field Name</i>	<i>Description</i>
	<p>will be included in the settlement work file.</p> <p>Exception: For PART loans, when a work file is run for a single loan account, current day transactions will be included.</p>
Report format	<p>The report format for the Settlement Detail Report. Options are:</p> <p><b>Activity type (A)</b> displays Activity types in the far right columns. Activity types include regular payment, principal curtailment, paid ahead, payment adjustment, new loan, past due loan and paid off loan.</p> <p><b>Member payment dates (D)</b> displays the last payment date, next payment date, # of transactions (#Trn) and adjustments (#Adj).</p> <p>Both (B) will generate both versions of the report.</p> <p>Refer to <b>Page 55</b> for more information on the Settlement Detail Report.</p>
Process	<p>Select one of the following options, then use Enter to proceed:</p> <p><b>(1) Calculate Settlement for Investor/Loan</b> - Use this option to create a settlement work file for a batch of loans, either according to the investor or to settle just a single loan account. If this is selected, additional fields will appear (described below) and should be completed before using Enter to continue.</p> <p><b>(2) Calculate Settlement for All Loans</b> - Use this option to create a settlement work file for ALL existing participation loan accounts within the settlement calculation routine and settlement type, regardless of investor. When Enter is used to continue, the system will create the work file. When done, a message will appear indicating the number of records placed into the work file. Use Enter to continue.</p> <p><b>(3) Work With Settlement Work File</b> – After a work file is created, this option is used to review the work file and modify individual amounts for situations like payoffs, new loans, or delinquent loans over 2 months. These new amounts will be used when the work file is posted. The screen shown on <b>Page 41</b> will appear.</p> <p><b>(4) Post Work File</b> - After the work file is generated and all needed maintenance has been done, use this option to post the work file and create a journal batch that will await posting in the General Ledger.</p> <p><b>IMPORTANT:</b> Remember to use the <i>Create/Post Journal Entries</i> to post the batch to the G/L.</p>
PL investors	<p><i>(Appears only when Process (1) is selected.)</i> This is a Select button that allows you to settle loans for one or multiple investors within the <i>Settlement calculation routine</i>.</p> <p>See <b>Page 82</b> for details on configuring PL investors.</p>
Process single loan account	<p><i>(Appears only when Process (1) is selected.)</i> To settle for just one loan account (such as if the loan account is being paid off), a single payment needs to be processed, or the terms of the loan modified, use this field to enter the account base and suffix.</p>

<i>Field Name</i>	<i>Description</i>
Tips	The settlement tips for the investor as defined on the Settlement Calculation Routine Configuration. Refer to <b>Page 86</b> .
URL	The URL for the investor as defined on the Settlement Calculation Routine Configuration. Refer to <b>Page 86</b> .

## Settlement Detail Report

The Participation Loan Settlement Detail report generates when creating, working or posting a settlement work file. The Trial Report version generates when creating or working the work file to give you a “before” picture of the work file (*Process* options 1, 2 or 3 described on **Page 37**). The Final Report version generates when posting a work file (*Process* option 4).

There are two formats for the Settlement Detail Report, Activity Type or Member Payment Dates. It is recommended to run the Activity Type format for Freddie Mac loans. Refer to **Page 55** for more information and sample reports.

## PL WORK FILE PAYMENT PROCESSING

The following types of loan payments can be processed in a work file:

<i>Field Name</i>	<i>Description</i>
<b>Regular Payment</b>	Transaction File = 1) Tran Code 22 and not a Principal Curtailment or a Paid Ahead Payment 2)Tran Code 23/Tran Type 60 or 61 (delinquent fines is 60, escrow transfers is 61).
<b>Principal Curtailment</b>	Transaction File = Tran Code 22 and principal payment applied without payment (principal is paid, interest is not paid)
<b>Paid Ahead</b>	Transaction File = Tran Code 22 and Tran Type 15.
<b>Payment Adjustment- post payment</b>	Transaction File = Tran Code 24 and Tran Type 85.
<b>Payment Adjustment- reverse payment</b>	Transaction File = Tran Code 25 and Tran Type 95.

*For FHMC loans, a work file will never contain same day payments. You can only create a work file for a prior day. For current day payments, you must wait until the following day to process those payments.*

The Activity Type version of the Settlement Detail Report generated when the work file is created will help to identify the type of payment in the work file. Refer to **Page 55** for more information on Activity Types and this report.

## How loan payments are handled

When a work file is posted for Freddie Mac loans (Settlement calculation type FHMC/Settlement Type SA), the system updates the participation loan “Principal Paid” and “Interest Paid” fields as follows:

### FHMC Settlement Type SA

<i>Type of Payment</i>	<i>PL Principal Paid</i>	<i>PL Interest Paid</i>
Regular Payment	Increase PL <i>Principal paid</i> by the principal paid on the transaction record.	Populate from the PL <i>interest due</i> .
Principal Curtailment	Increase the PL <i>Principal paid</i> by the principal paid on the transaction record.	Not populated.
Paid Ahead	Increase the PL <i>Principal paid</i> by the principal paid on the transaction record.	Not populated. Refer to your CU policy for handling FHMC SA paid ahead payments.
Payment Adjustment-post payment	Increase PL <i>Principal paid</i> by the principal paid on transaction record.	Not populated. Interest is manually adjusted.
Payment Adjustment-reverse payment	Reduce PL <i>Principal paid</i> by the principal paid on the transaction record.	Not populated. Interest is manually adjusted.

For FHMC SA Loans, if the loan category configuration on the member file indicates to allow paid ahead payments, you may have paid ahead payments in the PL work file. It is recommended to review the member loan account and follow your credit union’s policy regarding reversal of the payment.

Refer to **Page 44** for more information on Scheduled/Actual (SA) loans.

## PROCESSING PAYMENTS FOR A PAST DUE LOAN

To help identify loans that are past due in a work file, check the Settlement Detail Report for loans with Activity Type F (Past Due Loan). Refer to **Page 55** for more information on this report.

For FNMA, FHLB, and P360 loans with settlement type of AA (Actual/Actual), the PL “Past Due Interest” field gets populated during PL interest accrual. If an interest amount resides in the current “Interest Due” field (no payments occurred), this “Interest Due” amount will be added to the “Past Due Interest” field and the newly accrued interest will move into the current “Interest Due” field.

*Remember that the PL Past Due Interest field will never be populated for a FHMC SA loan because current interest due is remitted to Freddie Mac each month regardless of whether the member made a payment that period. (Interest Due is moved to Interest Paid via Post Delinquent Int (F17) during final settlement processing).*

For FHMC, when a past due payment is made after final settlement (delinquent interest has been moved via *Post Delinquent Int* (F17)), it is handled as a regular payment in the next PL work file. For a regular payment, the principal due amount moves to “Principal paid” and the interest due amount moves to “Interest paid”. Since this is a SA “scheduled” interest loan, there are two methods for handling the PL interest in the work file:

1. Allow the current “Interest Due” to process with the payment and remain in PL “Interest paid” (therefore the current “Interest Due” gets paid with past due principal).
2. Do not allow the current “Interest Due” to process with the payment. When working the work file, move the amount in PL “Interest Paid” back to the PL “Interest Due”. (“Interest Due” will be paid with the appropriate next payment or will get moved at final settlement with the delinquent interest via *Post Delinquent Int* (F17) if no payment is made)



## Update

Session 1 CU\*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

### Create/Work Participation Loan Settlement Work File

PLI 001 FREDDIE MAC  
 Loan account 59 780 Original loan amount 137,600.00  
 PL type 01 FREDDIE MAC LOANS Seq. 1

---

Date reported Oct 31, 2013  
 Term 136  
 Principal bal 126,499.55

Interest due 632.50  
 Principal paid 0.00  
 Interest paid 0.00  
 Total settlement 55,487.99  
 Monthly income 632.50

Save

Navigation icons: back, forward, up, down, print, copy, paste, help, search, @

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Use this screen to adjust the amounts that will be posted to an individual participation loan record when this settlement work file is posted. The only fields that can be updated are “Interest due”, “Principal paid”, and “Interest paid”. The total settlement amount (*Principal paid + Interest paid*) will be recalculated automatically after your changes are made. When done, use *Save* (F5) to save and return to the previous screen.

### Field Descriptions

Field Name	Description
Past Due Int	This is the amount of interest that is past due on the loan. <i>Note: This field does not display for FHMC or PART loans.</i>
Interest due	The amount of interest due on the loan.
Principal paid	The amount of principal that will be paid to the investor, based on all payments that were made on the loan. If no payments were made, this will be zero. If you wish to pay the investor anyway, simply enter the principal payment amount here.
Interest paid	The amount of interest that will be paid to the investor, based on all payments that were made on the loan. If no payments were made, this will be zero. If you wish to pay the investor anyway, simply enter the interest payment amount here (be sure to also adjust <i>Interest Due</i> accordingly).



## SPECIAL STEP FOR SCHEDULED/ACTUAL (SA) LOANS

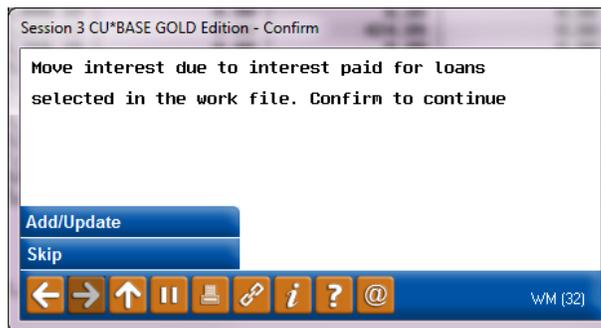
Loans with a settlement type of SA (Scheduled/Actual) use scheduled interest and actual principal collected from the member to pay the investor. SA is the REQUIRED and ASSUMED Accounting Method for Freddie Mac.

After editing the monthly work file for FHMC SA loans, an additional step is required. Before posting the work file, you must use *Post Delinquent Int* (F17) to move the unpaid interest amount from “Interest Due” to “Interest Paid”. This is because the interest portion of the payment is “scheduled” and must be paid to the investor regardless of whether a payment was made on the loan that month.

PLI	Account	Type	Principal Balance	Past Due Interest	Interest Due	Principal Paid	Interest Paid	Monthly Income
1	780		79,132.38	0.00	0.00	0.00	0.00	0.00
1	780		42,187.42	0.00	0.00	0.00	0.00	0.00
1	780		164,547.56	0.00	0.00	0.00	0.00	0.00
1	780		191,813.97	0.00	0.00	0.00	0.00	0.00
1	780		103,804.32	0.00	0.00	0.00	0.00	0.00
1	781		162,322.11	0.00	424.09	0.00	0.00	424.09
1	780		110,755.25	0.00	0.00	0.00	0.00	0.00
1	781		170,166.96	0.00	0.00	0.00	0.00	0.00
1	780		93,980.32	0.00	0.00	0.00	0.00	0.00
1	780		118,421.35	0.00	0.00	0.00	0.00	0.00
1	780		88,131.10	0.00	0.00	0.00	0.00	0.00
1	780		18,536.25	0.00	0.00	0.00	0.00	0.00
1	781		27,578.60	0.00	0.00	0.00	0.00	0.00
1	780		146,690.96	0.00	0.00	0.00	0.00	0.00
1	780		159,292.96	0.00	0.00	0.00	0.00	0.00
■ Select			21,822,735.52	0.00	3,376.89	1,079.29	1,569.11	4,946.00

Buttons: Toggle, Summary, Post Delinquent Int.

HINT: Use *-Post Delinquent Int* (F17) to move unpaid interest from Interest Due to Interest Paid.



*Note: There will never be Past Due Interest on an SA loan in the participation loan file. However, the member file does track past due interest owed to the credit union.*

# CREATE/POST GL JOURNAL ENTRIES

## “Create/Post G/L Journal Entries” on the Participation Loan Processing (MNPART) menu

PL in the ID column identifies this as a participation loan batch.

Corp ID	Effective Date	ID	ID #	Reversal Date	Recurring Date	Year End	Status	Template	Batch Label
1	Jan 31, 2015	DH	140401		Feb 28, 2015		A		NEGATIVE SHARES
1	Jan 31, 2015	PL	000001				A		PLI 002 S INTEREST EARNED
1	Jan 31, 2015	16	60213		Feb 28, 2015		A		VISA BONUS POINTS ACCRUAL
1	Jan 31, 2015	16	60330		Feb 28, 2015		A		ACCRUED SALARIES
1	Jan 31, 2015	16	71031		Feb 28, 2015		A		CO-OP BILLING
1	Jan 31, 2015	16	131130		Feb 28, 2015		A		RES LN PYMT PRIN
1	Feb 01, 2015	DH	80603		Mar 01, 2015		A		A PEREZ FCU LC
1	Feb 01, 2015	DH	81208		Mar 01, 2015		A		ELGA WIRE NEW 1/2/15
1	Feb 01, 2015	DH	90703		Mar 01, 2015		A		HASELHURN LAND CONTRACT
1	Feb 02, 2015	DH	30100		Mar 02, 2015		A		FHLB CHS MONTHLY FEE
1	Feb 02, 2015	DH	90708		Mar 02, 2015		A		GIPSON LC
1	Feb 03, 2015	MA	80603		Mar 03, 2015		A		S BROWN FCU LC
1	Feb 04, 2015	DH	80603		Mar 04, 2015		A		GREER FCU LC
1	Feb 05, 2015	DH	90708		Mar 05, 2015		A		OPPERMAN LC
1	Feb 05, 2015	DH	100702		Mar 05, 2015		A		LC DOWLE
1	Feb 05, 2015	DH	101105		Mar 05, 2015		A		BERLIN LAND CONTRACT

A journal entry batch gets created when a work file is posted and can contain entries for new loans, payments and interest accrual. Generally, there is one journal entry batch created for ID “PL” per day, therefore you may see multiple investors in the same batch.

To review the items in the batch, double click on the batch (or highlight and click **Change**). On the next “Maintain Journal Entries” screen, use *Post* (F2) to post the journal entry batch.

## Manual Journal Entry (adjustments) after investor reporting

To adjust interest amounts due to investor reporting exceptions after PL interest accrual OR for prior reporting cycle payoff adjustments, you must use this screen rather than the PL Adjustment screen described on **Page 21**. This is so that the entries are allocated to the G/L for the appropriate reporting cycle period.

1. Access **Create/Post G/L Journal Entries** on the Participation Loan Processing (MNPART) menu. Enter the following information to create the journal entry batch.

Last Date of Reporting Period

Current Posting Date

2. **Enter** to proceed to the “Maintain Journal Entries” screen and create the journal entry batch.

3. Process the journal entry as follows:

**To pay the investor additional funds (underpayment):**

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File Edit Tools Help

### Maintain Journal Entries

Jump to seq #  Go! Corp ID 1 Effective posting date Jan 31, 2015 Using J/E ID PL Using J/E # 1  
Batch label  Template

Seq	Br #	G/L Account #	Debit	Credit	Source #	Description
1	1	786.01	65.10	0.00		PLI 002 ADJ INT TO FHMC
2	1	117.01	0.00	65.10		PLI 002 ADJ INT TO FHMC
3	1	117.01	65.10	0.00		PLI 002 ADJ INT TO FHMC
4	1	899.01	0.00	65.10		PLI 002 ADJ INT TO FHMC
5			0.00	0.00		
6			0.00	0.00		
7			0.00	0.00		
8			0.00	0.00		
9			0.00	0.00		
10			0.00	0.00		
11			0.00	0.00		
12			0.00	0.00		
13			0.00	0.00		
14			0.00	0.00		
15			0.00	0.00		
16			0.00	0.00		
17			0.00	0.00		
18			0.00	0.00		
19			0.00	0.00		
20			0.00	0.00		

Records imported: 0  
Records in error: 0

Debit: 3,113.81  
Credit: 3,113.81  
Net: 0.00

**Special Posting Features**  
Status: Active  
Reversing:   
Year end: No  
Recurring:

↑ ↓

Special Post New Journal Entry Import Entries Skip Suspend Journal Entry

← → ↑ ↓ ⏏ ⌨ ? @ FR (2122) 4/01/15

**To recoup funds already paid to the investor (overpayment):**

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File Edit Tools Help

### Maintain Journal Entries

Jump to seq #  Go! Corp ID 1 Effective posting date Jan 31, 2015 Using J/E ID PL Using J/E # 1  
Batch label  Template

Seq	Br #	G/L Account #	Debit	Credit	Source #	Description
1	1	117.01	65.10	0.00		PLI 002 ADJ INT FRM FHMC
2	1	786.01	0.00	65.10		PLI 002 ADJ INT FRM FHMC
3	1	899.01	65.10	0.00		PLI 002 ADJ INT FRM FHMC
4	1	117.01	0.00	65.10		PLI 002 ADJ INT FRM FHMC
5			0.00	0.00		
6			0.00	0.00		
7			0.00	0.00		
8			0.00	0.00		
9			0.00	0.00		
10			0.00	0.00		
11			0.00	0.00		
12			0.00	0.00		
13			0.00	0.00		
14			0.00	0.00		
15			0.00	0.00		
16			0.00	0.00		
17			0.00	0.00		
18			0.00	0.00		
19			0.00	0.00		
20			0.00	0.00		

Records imported: 0  
Records in error: 0

Debit: 3,113.81  
Credit: 3,113.81  
Net: 0.00

**Special Posting Features**  
Status: Active  
Reversing:   
Year end: No  
Recurring:

↑ ↓

Special Post New Journal Entry Import Entries Skip Suspend Journal Entry

← → ↑ ↓ ⏏ ⌨ ? @ FR (2122) 4/01/15

These G/L accounts in these sample screens are the recommended G/L accounts described on **Page 89**.

- Process the appropriate account adjustment to the P&I Custodial Account. Refer to **Page 47**.

## MEMBER ACCOUNT ADJUSTMENT/POST TO CUSTODIAL ACCOUNT

### “Member Acct Adj/Post to Cust Act” on the Participation Loan Processing (MNPART) menu

Session 2 CU\*BASE GOLD - FRANKENMUTH CREDIT UNION

File Edit Tools Help

### Member Account Adjustment

Account # 91-705 ROBERT W SMITH  
 Principal G/L 701.10 Accrued G/L 751.10 Income/expense G/L 111.22 Member branch 22

**Status Before Correction**

Principal balance 125,696.82 Interest due 430.11 YTD interest paid 1,438.57

Type	Amount	Description	Interest	Principal	Offset	
					G/L #	Location
<input type="checkbox"/>	0.00		0.00	0.00		<input type="checkbox"/>
<input type="checkbox"/>	0.00		0.00	0.00		<input type="checkbox"/>
<input type="checkbox"/>	0.00		0.00	0.00		<input type="checkbox"/>
<input type="checkbox"/>	0.00		0.00	0.00		<input type="checkbox"/>
<input type="checkbox"/>	0.00		0.00	0.00		<input type="checkbox"/>

Delinquent fine YTD amount 0.00 Delinquent fine amount 0.00  
 Last payment amount 960.84 Last payment date Mar 05, 2015 [MMDDYYYY]

**Status After Correction**

Principal balance 125,696.82 Interest due 430.11 YTD interest paid 1,438.57

Dividend/Interest Calc  
 Post  
 New Account

**i** Member account adjustments correct only the member's balance and the member information associated with the adjustment type code. If you are correcting a current day teller cash error, a corresponding teller drawer adjustment may be required. Always verify the adjustment results for the member's account and teller's cash balance when appropriate.

FR (5253) 4/01/15

Use this screen to post payments or paid off funds to an investor P&I Custodial Account. This function is also used to post the escrow balance adjustments to an investor T&I Custodial Account.

Custodial Accounts are used for government investors to hold the daily funds owed to them until the amounts are settled with the investor (per the timing in the investor agreement). Custodial Accounts are not used with PART or P360 loans.

### P&I Custodial Account Adjustment (Principal and Interest)

This account adjustment is used to post the funds from the PL settlement G/L account to the P&I Custodial Member Account.

- Take the “Total Cash Settlement” amount from the Final version of the Settlement Detail Report (created from **Create/Post PL Payment Work File** on the Participation Loan Processing (MNPART) menu) and post the amount as a credit to the P&I Custodial Account offsetting the settlement G/L (typically 899-xx).

*Note: If separate work files were created for the same investor it is recommended that separate account adjustment entries are done for each. This way the transaction amounts listed in the member history will match back to the Settlement Detail Report totals.*

## T&I Custodial Account Adjustment (Taxes and Insurance)

This account adjustment is used to post the amount needed to make the T&I Custodial Account match the balance of the total member escrow accounts.

1. Check the balance in the T&I Custodial Account.
2. Access the Escrow Share Detail Report and review the Freddie Mac escrow accounts. (This daily LPLESC report lists escrow accounts by dividend application and has separate totals for the positive and negative balances). See **Page 64** for a sample of this report.

*Note: If there are no escrow accounts for the loans processed in the work file, then the next steps are not needed.*

3. Review the amount on the Escrow Share Detail Report for the “Total Positive Balances” and make either a debit or a credit entry to the T&I Custodial Account to match this balance. Use the appropriate Contra Escrow G/L account for the investor as the offset G/L#.

*The next steps are only required if there is a “Total Negative Balances” amount for the FHMC escrow accounts on the Escrow Share Detail Report.*

4. Check the balance in the Negative Escrow Funding G/L (generally 725.xx). Compare the escrow funding G/L balance to the “Total Negative Balances” on the Escrow Share Detail Report”. Make a general ledger entry using **Create/Post G/L Journal Entries** on the Participation Loan Processing (MNPART) menu to match these balances as follows:
  - If the Negative Escrow Funding G/L balance is less than the “Total Negative Balances”, post a debit to Negative Escrow Funding G/L and a credit to the Contra Escrow G/L; use the description “FUND NEG ESC ACCOUNTS”.
  - If the Negative Escrow Funding G/L balance is more than the “Total Negative Balances”, post a credit to the Negative Escrow Funding G/L and a debit to the Contra Escrow G/L; use the description “RECLASS NEG ESC FUNDING”.

Refer to the General Ledger section on **Page 95** for more information and examples of adjusting Custodial Accounts.

---

# MONTHLY GOVERNMENT INVESTOR

## FILE - MIDANET

The credit union sends a monthly reporting file to Freddie Mac that is referred to as the Midanet file. This file contains final settlement information for the appropriate reporting period.

This file is usually created on the first business day after the 15<sup>th</sup> of the month using the date range for the monthly reporting period (i.e. 6/16/2011 to 7/15/2011). Freddie Mac's reporting cycle is mid-month from the 16<sup>th</sup> of prior month to the 15<sup>th</sup> of current month.

Be sure that you have a folder on your PC called Midanet. This is the location where the files will be stored for later transmission to Freddie Mac.

### Special Note: Security Requirements

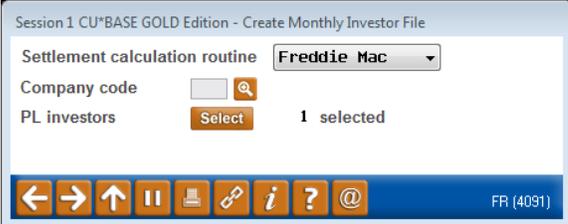
Downloading files from the CU\*BASE iSeries requires special security authorization by a CU\*BASE representative. If you or a member of your staff needs to be able to download files, please contact a Client Service Representative to set up the proper permissions. Authorization by your credit union's designated Security Officer is required to grant these permissions. On a monthly basis, your Security Officer will be required to confirm the staff that have been given clearance to download files.

Contact the Lender\*VP department at [sales@lendervp.com](mailto:sales@lendervp.com) and request access to the client access files required for the processing the download.

*Important Note: Before creating and downloading the government investor file, be sure that you have created a file called "Midanet" on your PC. Refer to **Page 5** for the steps required to prepare your PC for downloads.*

## CREATE/DOWNLOAD FREDDIE MAC FILE

### 'Create Monthly Gov Investor File' from the Participation Loan Processing (MNPART) menu



The first selection screen requires the "Settlement calculation routine" and "PL investors". The "Company code" is optional and will only display if your credit union has company codes configured. If multiple investors are selected, they must all have the same Seller/Service number.

### Field Descriptions

Field Name	Description
Settlement	Enter the Settlement Calculation Routine FHMC.

Field Name	Description
calculation routine	
Company code	Enter the Company code if applicable. The default is blank which means none. A lookup button lists the available Company Codes. If your credit union does not have any Company Codes configured, this field will not display on the screen.
PL investor #	This is a Select button that allows selection of one or multiple investors. Only those investors with the previously selected Settlement Calculation Routine are available for selection.

## Screen 2 – “Create Monthly Gov Investor File”

The “Date range” will default to the prior monthly reporting period.

## Monthly Government Reporting Steps

1. Use **Create File (F13)** to create the Midanet file. Note: If you have not processed the last work file for the reporting period, you will get an error message and cannot proceed until you run the appropriate work file.

*Note: The file name created for Freddie Mac is either FMLNSNDCUA (CU serviced) or FMLNSNDxxx (if a Company code is used, xxx is the Company code).*

2. This step depends on whether a Company code was entered when creating the file:
  - a. **NO COMPANY CODE:** After creating the file, use *Download File (F14)* to download the file from the iSeries to the PC. Once the download is complete, a popup window will display reminding you to accrue interest after reviewing exceptions from government reporting.

*Note: If you exit the “Create Monthly Midanet File” screen prior to using “Download File” (F14), you will have to process the download by opening the client access file in your Midanet folder (File Type is “Data Transfer from iSeries”) See **Page 52** for the manual steps.*

- b.** COMPANY CODE: If a Company code was entered when creating the file, the *Download File* (F14) function key will not be available. You must process the download by opening the client access file in you Midanet folder (File Type is “Data Transfer from iSeries”), refer to **Page 52**.
3. OPTIONAL STEP: Review the Midanet report that generated from Step 1. This report can be used for research.
4. Take the appropriate steps to upload the file to Freddie Mac. Refer to your Freddie Mac Servicing Guide.
5. On the next business day, access the Freddie Mac website and review investor exceptions.

*Note: Any adjustments should be done either as a manual journal entry described on **Page 45** or on the PL Adjustment screen described on **Page 21**.*

*If the PL Adjustment screen is used, be sure that the adjustment transaction is dated in the appropriate settlement period (for example, if the adjustment is for settlement period 4/16-5/15 and it is 5/17, the adjustment transaction should be dated 5/15/11). Keep in mind that you may need to run another end of cycle work file if the adjustment transaction does not get posted to the appropriate transaction record.*

- 6.** Process the interest accrual via **Accrue Interest for 360 Loans** on the Participation Loan Processing (MNPART) menu. Refer to **Page 53**.

*Note: After creating the file, the Last Reported Date on the PL master and history files is updated to the last day in the reporting period.*

# MANUAL STEPS FOR ISERIES DOWNLOAD

## Downloading the File to the PC

1. Access the appropriate location on your PC and select the FMLNSND file (this is the client access file which displays “Data Transfer from iSeries...”. The following dialog box will appear:

This example is for CU serviced Freddie Mac loans. If a Company code applies, the filename is FMLNSNDxxx.

DO NOT use the Browse or Data Options buttons—they can cause a significant delay in processing your transfer!

2. All of the fields should be pre-filled for you based on the client access definitions set up on your PC. To begin the transfer process, click the **Transfer data from iSeries** button. A series of messages will appear to report on the progress of the transfer.
3. When the transfer is complete, the following message will appear: Click OK and the Data Transfer dialog box will reappear. Click Close [X] to return to the CU\*BASE menu.

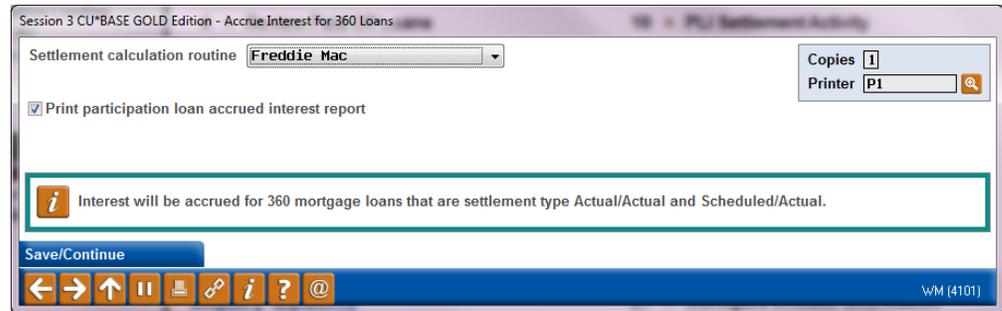
Notice the number shown under “Rows transferred.” This indicates the total number of records that were downloaded.

# ACCUE INTEREST FOR 360 LOANS

The PL interest accrual for Freddie Mac loans is a separate step done after the final monthly work file is posted and the government investor file has been processed and validated.

*Interest will be accrued for FHMC SA (Scheduled/ Actual) loans. If AA (Actual/ Actual) loans exist (very rare), they are also included.*

## “Accrue Interest for 360 Loans” on the Participation Loan Processing (MNPART) menu

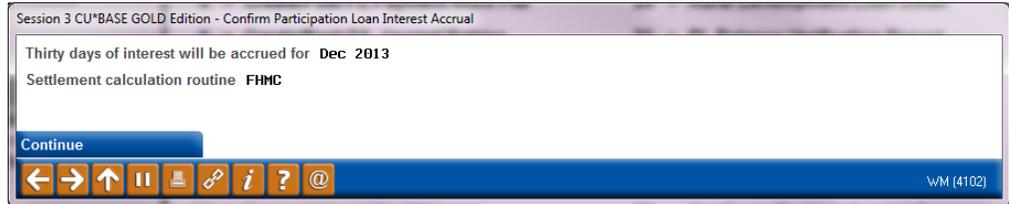


Field Name	Description
Settlement calculation routine	Enter the Settlement calculation routine FHMC = Freddie Mac.
Company code	Enter the Company Code if applicable. The default is blank (which means none). A lookup button lists the available Company Codes. Note: If your credit union does not have any Company Codes configured, this field will not display on the screen.
Print participation loan accrued interest report	Check the box to indicate whether to print the Participation Loan Accrued Interest Report.

The system contains edits that does not allow the interest accrual to be processed if the following has not occurred:

- The final settlement work file has been posted (for FHMC loans this is mid month on the 15th).
- The monthly Midanet reporting file has been created and downloaded.

*Note: Be sure to process any exceptions (Edits) from government reporting prior to accruing interest.*



If the “Print participation loan accrued interest report” box was checked, the Participation Loan Accrued Interest report will generate. For more information on this report, refer to **Page 74**.

8/16/11 9:35:15 RUN ON 8/16/2011		TEST CREDIT UNION PARTICIPATION LOAN ACCRUED INTEREST REPORT INTEREST ACCRUED FOR: MAY 2011			UPLACCI	PAGE USER KARENS
PLI 001 FREDDIE MAC SETTLEMENT CALC FHMC COMPANY CODE						
LOAN ACCOUNT	DATE REPORTED	PRINCIPAL BALANCE	ACCRUED DUE	PAST DUE INTEREST	TOTAL INTEREST DUE	
187999 790	08/15/11	42410.53	216.47	.00	216.47	
203999 790	08/15/11	88370.54	248.54	.00	248.54	
207999 790	08/15/11	66559.38	195.72	.00	195.72	
301999 790	08/15/11	87928.06	247.30	.00	247.30	
322999 790	08/15/11	120603.07	464.82	.00	464.82	
329999 790	08/15/11	147029.29	551.36	.00	551.36	
370999 790	08/15/11	105565.36	296.90	.00	296.90	
386999 790	08/15/11	176200.31	495.56	.00	495.56	
469999 790	08/15/11	119600.97	423.59	.00	423.59	
535999 790	08/15/11	65648.88	239.34	.00	423.59	
641999 790	08/15/11	84041.88	288.89	.00	288.89	
646999 790	08/15/11	119001.74	322.30	.00	322.30	
658999 790	08/15/11	81000.00	244.69	.00	244.69	
667999 790	08/15/11	47591.22	188.38	.00	188.38	
683999 790	08/15/11	78309.21	229.87	.00	229.87	
826999 790	08/15/11	82873.83	241.72	.00	241.72	
964999 790	08/15/11	287701.64	959.01	.00	959.01	
970999 791	08/15/11	143401.47	478.00	.00	478.00	
987999 790	08/15/11	64733.15	195.55	.00	195.55	
1017999 790	08/15/11	33579.76	101.44	.00	101.44	
1081999 790	08/15/11	125355.60	378.68	.00	378.68	
1099999 790	08/15/11	125845.19	353.94	.00	353.94	
TOTAL BY PLI	001	2,418,706.78	7,362.07	.00	7,362.07	

## SPECIAL NOTE REGARDING 360 INTEREST CALCULATION TYPES

For 360-day interest calculation loans, interest is not accrued on a daily basis; rather, interest is calculated once each month. In the member file, the interest is accrued in end-of-day (EOD) processing on the “Day to Calc Interest” from the loan category configuration (Freddie Mac loans should be 15). In the participation loan file, the interest is accrued from **Accrue Interest for 360 Loans** on the Participation Loan Processing (MNPART) menu option and the timing is determined from based on the “Monthly interest accrual day” designated on the Settlement Calculation Configuration record (Freddie Mac Mae loans should be 01). The system will calculate 30 days worth of interest for every monthly settlement period regardless of when or how often payments are made on the loan.



paid ahead payments, adjustments, new loans, past due or paid off loans, respectively.

### Member Payment Date Format

The following sample shows a settlement work file that was run for multiple investors (only one investor will show per page). The Member Payment Date format is generally used when sending the report to investors, i.e. for standard 365 participation loans (PART). This format includes the member's last payment date and next payment date.

5/09/11 12:47:58 RUN ON 5/2/2011		TEST CREDIT UNION PARTICIPATION LOAN SETTLEMENT DETAIL REPORT						LPLSET2 USER KARENS		PAGE 1		
CORP 01 TEST CREDIT UNION PLI 139 TEST INVESTOR		REPORTED DATE: 4/30/2011 TRIAL REPORT										
LOAN ACCOUNT	PREVIOUS PRINCIPAL BALANCE	CURRENT PRINCIPAL BALANCE	PAST DUE INTEREST	ACCRUED DUE	---THIS SETTLEMENT--- PRINCIPAL PAID	INTEREST PAID	LAST PMT DATE	NEXT PMT DATE	MONTHLY INCOME	TOTAL CASH SETTLEMENT	# TRN	# ADJ
56999 501	900000.00	900000.00	.00	2625.00	.00	.00	4/15/11	05/01/11	2625.00	.00	1	
56999 502	900000.00	900000.00	.00	2625.00	.00	.00		05/01/11	2625.00	.00		
57999 501	900000.00	900000.00	.00	2625.00	.00	.00	4/05/11	05/01/11	2625.00	.00	2	
57999 502	900000.00	900000.00	.00	2625.00	.00	.00		05/01/11	2625.00	.00		
57999 503	900000.00	900000.00	.00	2625.00	.00	.00		05/01/11	2625.00	.00		
	5,400,000.00		.00		.00				15,750.00			
TOTAL BY PLI 139		5,400,000.00		15,750.00		.00				.00		

# PARTICIPATION LOAN TRIAL BALANCE

## “PLI Trial Balance” on the Participation Loan (MNPART) menu

### Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Report type	Report type is D=Detail and Summary, S=Summary.
Report as of date	The date for participation loan detail. If there is no settlement information for the date entered, the information will be pulled from the previous settlement date record.
Pull by Account or Reference	Use this to specify whether the loans should be listed on the report by loan account number or by the PL reference number.
Include closed loans	Check the box to include closed participation loans. Default is to not include closed loans.
PL Investors	This is a select button that allows you to print a trial balance for a single or multiple investors. The number that displays next to the select button is the number of investors selected. If you want all investors, leave the field blank and all investors will print. Default is all.
Loan category	This is a select button that allows you to print a trial balance for single or multiple loan categories. The number that displays next to the select button is the number of loan categories selected. Leave the field blank to include all loan categories. Default is all.
Participation loan types	This is a select button that allows you to print a trial balance only for loans coded with a specific Participation Loan Type code. The number that displays next to the select button is the number of PL types selected. Leave the field blank to include all PL types. Default is all.

Field Name	Description
Sort by the date that the loan ends with the investor	Check this box to print records in order by PL End Date (ascending order, so the closest dates appear at the top of the report). Leave it unchecked to sort by account number.
Report only loans that were sold to the investor on or after	Enter a MMDDCCYY to select only loans with a PLI Start Date on or after the date entered.
Loan account	Enter the account base and suffix to print a trial balance for a single loan account. Leave the field blank to include all loans.
Reference #	Enter the reference number to print a trial balance for a single loan account. Leave the field blank to include all loans.

Run the trial balance report to obtain participation loan detail, i.e. balance rate, and date information. This report can be used as part of the daily or monthly balancing process for comparing participation loan balances to the participation loan general ledger accounts. Use the selection criteria to specify the loans to be included on the report, or leave all blank to include all participation loans.

To obtain a Participation Loan Trial Balance as of month end, enter the appropriate month end date in the "Report as of date" field. The month end information is helpful for the NCUA 5300 Call Report.

Two reports will be generated: A Detail report showing all accounts, with each PLI starting on a separate page, and a Summary report showing total balances for all investors.

**Detail Report** - The following sample shows the final two pages of a Trial Balance report that includes all loans. Notice that each PLI will appear on a separate page. **(NOTE: If pulled by reference number, the Loan Account column will display the reference number instead.)**

LOAN ACCOUNT	SEQ	NAME	PL TYP	PLI ORIG INVESTMENT	LAST HIST ACTIVITY	LAST PRIN BALANCE	PLI RATE	LOAN RATE	START DATE	END DATE	PART %	DELQ
26399	601	001	JONES	95	100,555.56	03/31/2011	98,412.27	10.000	11.000	04/21/2002	11/20/2015	50.00
27699	645	001	EVANS	96	367,996.49	03/31/2011	360,494.65	9.500	10.000	04/25/2002	01/29/2014	50.00
28899	503	001	THOMAS	26	70,810.62	03/31/2011	70,808.79	7.250	7.000	04/23/2002	08/24/2014	20.00 Y
33099	616	001	SMITH	90	600,000.00	03/31/2011	591,905.49	7.500	8.000	05/27/2002	05/28/2017	75.00
33699	725	001	WILLIAMS	94	250,140.34	03/31/2011	250,140.34	8.000	9.000	05/01/2002	01/01/2017	30.00 Y
38599	503	001	EDWARDS	92	62,525.38	03/31/2011	60,452.44	8.250	8.750	04/30/2002	12/29/2016	50.00
38699	715	001	DOE	94	480,000.00	03/31/2011	480,000.00	8.000	8.500	06/13/2002	06/13/2017	60.00
38699	725	001	STEVENS	94	182,500.00	03/31/2011	180,782.53	7.000	7.500	04/18/2002	04/18/2017	50.00
39399	502	001	JOHNSON	92	81,666.02	03/31/2011	80,238.71	8.000	8.500	04/02/2002	11/02/2016	50.00
39399	503	001	STEVENSON	92	81,666.02	03/31/2011	80,238.71	8.000	8.500	04/02/2002	11/02/2016	50.00
TOTAL BY PLI				020	2,277,860.43		2,253,473.93	8.099	8.653			
TOTAL BY PLI				020	NET RATE TO CU:	.554	PROJECTED MONTHLY INCOME:	1040.35				
*** END OF REPORT***												

**Summary Report** - The summary report shows the current position of each individual investor's portfolio.

4/09/11 13:28:24 RUN ON 4/09/11		CU*BASE TEST CREDIT UNION PARTICIPATION LOAN TRIAL BALANCE SUMMARY OPEN LOANS ACTIVITY THROUGH 3/31/2011			LPLBAL2	PAGE 1 USER KARENS
CORP 01 CU*BASE TEST CREDIT UNION						
PLI NAME	PLI ORIG INVESTMENT	LAST PRIN BALANCE	INTEREST DUE	WEIGHTED PLI RATE	NUMBER OF LOANS	WEIGHTED PLO RATE
001 ABC FED CREDIT UNION	242,731.14	239,071.59	411.10	8.808	5	9.406
003 XYZ CREDIT UNION	4,571,955.32	4,521,639.50	9,610.06	6.910	19	7.324
004 JOHN DOE	3,039,374.26	3,012,015.36	11,026.08	8.827	14	9.184
005 SAMPLE INVESTOR 005	1,925,058.18	1,909,197.92	762.62	6.854	8	7.389
006 SAMPLE INVESTOR 006	7,149,785.96	7,097,369.27	23,559.11	7.865	24	8.287
007 SAMPLE INVESTOR 007	61,883.45	59,611.97	114.58	8.748	2	9.498
008 SAMPLE INVESTOR 008	580,567.57	578,950.36	2,895.97	7.500	2	8.000
009 SAMPLE INVESTOR 009	491,853.23	486,993.33	1,174.12	8.000	1	9.000
010 SAMPLE INVESTOR 010	310,611.27	310,033.77	1,082.99	7.500	1	8.000
011 SAMPLE INVESTOR 011	228,000.00	225,391.62	296.40	8.000	2	8.500
012 SAMPLE INVESTOR 012	25,162.28	24,907.60	84.82	13.852	2	10.766
013 SAMPLE INVESTOR 013	62,727.40	62,284.10	243.27	15.000	4	10.000
014 SAMPLE INVESTOR 014	369,831.05	366,958.54	1,326.49	8.000	3	8.500
015 SAMPLE INVESTOR 015	32,632,616.73	32,403,314.41	83,706.61	6.784	128	7.291
016 SAMPLE INVESTOR 016	32,608.04	32,114.24	659.37	30.000	2	12.000
017 SAMPLE INVESTOR 017	949,418.42	946,760.39	4,180.77	7.500	3	8.000
018 SAMPLE INVESTOR 018	24,700.74	24,581.18	363.66	18.000	1	12.250
020 SAMPLE INVESTOR 020	2,277,860.43	2,253,473.93	6,430.13	8.099	10	8.653
021 SAMPLE INVESTOR 021	120,000.00	120,000.00	447.12	8.000	1	8.500
TOTAL BY CORP 01 19 PLI's	55,096,745.47	54,674,669.08	148,375.27	7.197	232	7.663
GRAND TOTAL 19 PLI's	55,096,745.47	54,674,669.08	148,375.27	7.197	232	7.663
** SERVICING ANALYSIS **	NET RATE TO CU: .466	PROJECTED MONTHLY INCOME:	21,232.00			
***** E N D O F R E P O R T *****						

# PARTICIPATION LOAN ANALYSIS REPORT

## “Part Loan Analysis Report” on the Participation Loan (MNPART) menu

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION

Month/year to process:  [MMYY]

Report type:  Summary  Detail and summary

Pull by account or reference:  Account  Reference

Sort by PL investor  Sort by PL type

Job queue  
Copies:   
Printer:

Note: Sorting report by PLI will result in a sort by PLI, then by account or reference # depending on selection made. Net CU Position may be different than expected if you assign more than 1 PLI per loan.

Retrieve Settings  
Save Settings

FR (4625)

This report is used to review the position of loans owned less than 100% by the credit union. It gives a summary of the current position of all participation loan accounts by loan account or reference number. Records can be sorted by investor or by PL Type. Grand totals at the bottom of the report compare the originating credit union’s position to investor positions.

This report is generally not used for Freddie Mac loans since they are 100% owned by the investor.

The following sample is for standard participation loans (PART) and shows part of the first page and the entire last page of an analysis report:

### First Page

8/23/11 14:25:40 RUN ON 8/23/2011		TEST CREDIT UNION PARTICIPATION LOAN ANALYSIS REPORT AS OF 07/11						LPLANL	PAGE 1
LOAN ACCOUNT/REF #/TYPE	CURRENT BAL	INT DUE	SCHED PMT	INT RATE	PARTIC %	MEMBER NAME			
1234-502	425,354.55	1,590.68	2,375.28	5.250	100.00	JOHN A MEMBER			
90 CALDWELL PARTICIPATION									
PLI SEQ	LAST RPT BAL	LAST RPT INT	LAST RPRTD	PROJ PMT	PLI RATE	PARTIC %	PLI NAME		
3 1	382,819.09	954.42	2011/07/31	1,739.85	3.500	90.00	TEST INVESTOR 001		
* PLI TOTALS	382,819.09	954.42		1,739.85	3.500	90.00			
** NET CU POSITION	42,535.46	636.26		635.43	5.250	10.00			
LOAN ACCOUNT/REF #/TYPE	CURRENT BAL	INT DUE	SCHED PMT	INT RATE	PARTIC %	MEMBER NAME			
1334-500	332,976.23	129.99	1,745.76	4.750	100.00	MARY A MEMBER			
90 CALDWELL PARTICIPATION									
PLI SEQ	LAST RPT BAL	LAST RPT INT	LAST RPRTD	PROJ PMT	PLI RATE	PARTIC %	PLI NAME		
27 1	299,678.58	86.21	2011/07/31	1,352.44	3.500	90.00	TEST INVESTOR 002		
* PLI TOTALS	299,678.58	86.21		1,352.44	3.500	90.00			
** NET CU POSITION	33,297.65	43.78		393.32	4.750	10.00			
LOAN ACCOUNT/REF #/TYPE	CURRENT BAL	INT DUE	SCHED PMT	INT RATE	PARTIC %	MEMBER NAME			
1434-500	258,956.82	203.95	1,810.06	5.750	100.00	CATHERINE MEMBER			
90 CALDWELL PARTICIPATION									
PLI SEQ	LAST RPT BAL	LAST RPT INT	LAST RPRTD	PROJ PMT	PLI RATE	PARTIC %	PLI NAME		
2 1	207,165.36	148.99	2011/07/31	1,365.72	5.250	80.00	TEST INVESTOR 003		
* PLI TOTALS	207,165.36	148.99		1,365.72	5.250	80.00			
** NET CU POSITION	51,791.46	54.96		444.34	5.750	20.00			

### Last Page

8/23/11 14:25:40 RUN ON 8/23/2011		TEST CREDIT UNION PARTICIPATION LOAN ANALYSIS REPORT SUMMARY AS OF 07/11						LPLANL	PAGE 1
** GRAND TOTALS **									
MEMBER TOTALS	CURRENT BAL	INT DUE	SCHED PMT	INT RATE	PARTIC %	# OF LOANS			
	541,895,784.82	1,616,278.12	3,170,269.05	5.266	100.00	984			
	LAST RPT BAL	LAST RPT INT	PROJ PMT	PLI RATE	PARTIC %	# OF PLI			
PLI TOTALS	443,655,011.71	662,899.76	2,159,747.00	3.877	81.87	991			
NET CU POSITION	98,240,773.11	953,378.36	1,010,522.05	5.266	18.13				
** SERVICING ANALYSIS **									
NET RATE TO CU:	1.188	PROJECTED MONTHLY INCOME:	439,218.46						
** CU POSITION ANALYSIS **									
PORTFOLIO RATE:	5.266	PROJECTED MONTHLY INCOME:	431,113.26						

## PARTICIPATION LOAN SETTLEMENT ACTIVITY

### “PLI Settlement Activity” on the Participation Loan (MNPART) menu

### Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Begin/end settlement dates	Choose a starting and ending month/day/year (mmddyy) to specify what period of history you wish to include on the report.
Pull by account or reference	Use this to specify whether the loans should be listed by loan account number or by the reference number.
PL investors	This is a Select button that allows you to select one or multiple investors to print a settlement activity report. Zero investors selected means all PL investors will display on this report.
Account # (base/suffix)	Enter the loan account base and suffix here to print a settlement activity report for a single loan account. Leave the field blank to include all loans.
Reference #	Enter the reference number here to print a settlement activity report for a single loan account. Leave the field blank to include all loans.

This report will show a history of settlement amounts that have been posted to participation loans. You may list loans for one or multiple investors, and specify a date range to be included on the report. Loans can be listed by loan account number or reference number. For government investors, it is

recommended to run and save the detail report monthly just prior to final settlement.

**Report Sample**

8/23/11 14:41:00 RUN ON 8/23/2011		TEST CREDIT UNION PARTICIPATION LOAN SETTLEMENT ACTIVITY FROM 05/01/2011 TO 05/31/2011						LPLHST	PAGE 1	USER KARENS			
CORP 01 TEST CREDIT UNION PLI 002 FREDDIE MAC													
LOAN ACCOUNT	SEQ	TYP	---ORIGINAL---			-----SETTLEMENTS-----			INTEREST DUE	PRINCIPAL PAID	INTEREST PAID	MONTHLY INCOME	TOTAL CASH SETTLEMENT
			ORG LOAN AMOUNT	INT RATE	TERM	DATE SETTLED	ORIG LOAN BALANCE						
2199	780	01	01	137600.00	6.000	76S	05/08/2011	131586.89	.00	161.05	658.74	658.74	31667.18
						77S	05/16/2011	131586.89	657.93	.00	.00	657.93	31667.18
3499	780	01	01	112000.00	6.125	76S	05/16/2011	107892.65	550.70	.00	.00	550.70	25456.11
						77S	05/22/2011	107767.10	.00	125.55	550.70	550.70	26132.36
4799	780	01	01	96000.00	5.750	76S	05/01/2011	87495.02	.00	251.27	420.45	420.45	25246.46
						77S	05/16/2011	87495.02	419.25	.00	.00	419.25	25246.46
4899	780	01	01	162000.00	5.750	74S	05/01/2011	154288.46	.00	281.61	740.65	740.65	35848.46
						75S	05/16/2011	154288.46	739.30	.00	.00	739.30	35848.46
4999	781	01	01	140975.00	5.625	79S	05/03/2011	133151.85	.00	244.13	625.29	625.29	33003.10
						80S	05/16/2011	133151.85	624.15	.00	.00	624.15	33003.10
6099	780	01	01	73400.00	5.625	74S	05/16/2011	70176.33	328.95	.00	.00	328.95	16371.76
						75S	05/22/2011	70072.01	.00	104.32	328.95	328.95	16805.03
6999	780	01	01	32000.00	5.625	78S	05/01/2011	23811.19	.00	235.53	112.72	112.72	13351.21
						79S	05/16/2011	23811.19	111.61	.00	.00	111.61	13351.21
7799	780	01	01	40000.00	6.000	74S	05/01/2011	38473.19	.00	46.38	192.60	192.60	8797.49
						75S	05/16/2011	38473.19	192.37	.00	.00	192.37	8797.49
9299	780	01	01	131600.00	5.750	75S	05/11/2011	117660.12	.00	188.26	564.69	564.69	36160.05
						76S	05/16/2011	117660.12	563.79	.00	.00	563.79	36160.05
10899	780	01	01	171360.00	6.125	69S	05/09/2011	165651.90	.00	188.04	846.47	846.47	35854.31
						70S	05/16/2011	165651.90	845.51	.00	.00	845.51	35854.31
12899	780	01	01	221000.00	7.000	70S	05/09/2011	214513.91	.00	210.33	1252.56	1252.56	51004.55
						71S	05/16/2011	214513.91	1251.33	.00	.00	1251.33	51004.55
14299	780	01	01	216265.00	5.750	70S	05/01/2011	207923.51	.00	259.09	997.54	997.54	43951.78
						71S	05/16/2011	207923.51	996.30	.00	.00	996.30	43951.78
14499	780	01	01	141500.00	5.625	69S	05/16/2011	134257.19	629.33	.00	.00	629.33	32478.52
						70S	05/22/2011	134077.46	.00	179.73	629.33	629.33	33287.58
16499	780	01	01	83600.00	5.625	74S	05/01/2011	79659.66	.00	104.02	373.89	373.89	18131.84
						75S	05/16/2011	79659.66	373.40	.00	.00	373.40	18131.84
16599	780	01	01	71200.00	6.000	84S	05/03/2011	60217.61	.00	284.88	302.51	302.51	24558.45
						85S	05/16/2011	60217.61	301.09	.00	.00	301.09	24558.45
PLI 002 TOTAL				1830500.00					8585.01	2864.19	8597.09		

# RURAL DEVELOPMENT LOAN DETAIL

## “Rural Development Loan Detail” on the Participation Loan (MNPART) menu

### Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Process date	The process month and year.
Company code	This is a dropdown box that allows you to select a Company code from those configured for your credit union. This field is optional and will only display if Company codes are configured for your credit union.

This report provides a listing of participation loans that are flagged as Rural Development (RD). This report is sorted by account number within investor. In order for a loan to appear on the report, there must be a Y in the Rural Development flag on the Participation Loan Setup screen (accessed from **Add/Maintain Participation Loans** on the Participation Loan Processing (MNPART) menu).

This report is generally run monthly. For Rural Development loans, delinquent balances are reported to the United States Department of Agriculture (USDA) both monthly and quarterly. Loan balances are reported to the USDA quarterly. Refer to the [usdalinc.sc.egov.usda.gov](http://usdalinc.sc.egov.usda.gov) website for specific information and reporting requirements for RD loans.

*Note: Loans that were closed in the reporting period are included on the report.*

1/31/12 10:24:23 RUN ON 1/31/2012		CU*BASE CREDIT UNION RURAL DEVELOPMENT LOAN DETAIL 01/31/2012				LPLRUR	PAGE USER KARENS
CORP 01 CU*BASE CREDIT UNION		INVESTOR: 001 - TEST INVESTOR					
SSN/TAX ID	MEMBER NAME	ACCOUNT BASE	ACCOUNT TYPE	CURRENT BALANCE	SCHEDULED PYMT AMT	DELINQUENT BALANCE	NEXT PAY DT/ CLOSE DATE (*)
999-62-9999	SOMEBODY, JOSEPH	1234	781	131,409.14	833.92	833.92	1/01/2012
999-98-9999	PERSON, ELIZABETH	2345	780	69,327.33	434.19	.00	2/01/2012
999-94-9999	MEMBER, DANIEL S	12233	780	164,307.39	1,069.06	1,069.06	1/01/2012
999-06-9999	TESTING, SCOTT W	23344	780	53,684.66	344.07	344.07	1/01/2012
999-04-9999	SMITH, ALICE J	34455	780	79,447.43	501.46	.00	2/01/2012
999-96-9999	HALEY, CRAIG A	45566	780	36,857.36	237.67	237.67	1/01/2012
999-98-9999	JOHNSON, WILLIAM J	56677	780	99,281.37	640.59	640.59	1/01/2012
999-06-9999	BLACK, CHRISTOPHER G	566789	780	73,612.02	478.80	.00	2/01/2012
** INVESTOR: 001 - TEST INVESTOR							
TOTAL BALANCES				707,926.70		3,125.31	
TOTAL LOANS = 8							

## ESCROW SHARE DETAIL REPORT

This is a daily report that lists all escrow savings accounts by dividend application. The report shows the current balance for all escrow accounts with subtotals by dividend application. The "Total Positive Balances" and "Total Negative Balances" are listed.

The purpose of this report is to help with reconciling member escrow balance detail to the custodial member account.

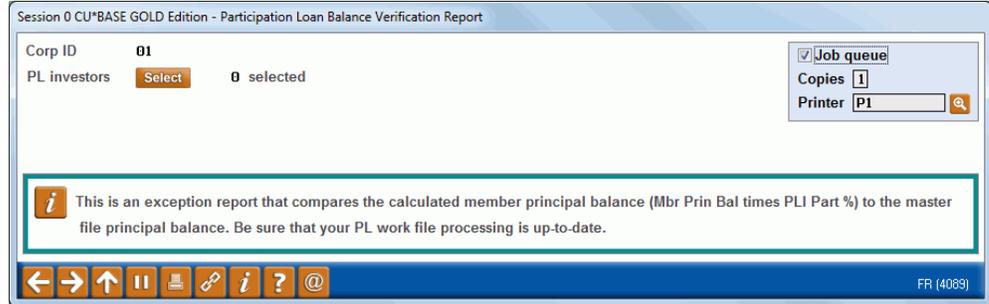
6/13/11 13:19:12 RUN ON 7/07/2011		TEST CREDIT UNION ESCROW SHARE DETAIL REPORT				LPLESC	PAGE 1 USER ERICS
CORP 01 TEST CREDIT UNION							
LOAN ACCOUNT	LAST NAME	FIRST NAME	CURRENT ACCT BAL	NEG	FREEZE		
3699 151	MEMBER	WILLIAM	1917.03		1		
3999 150	MEMBER	TERESA	2780.87		1		
5499 150	MEMBER	JAMES	1828.00		1		
5899 150	MEMBER	LISA	1371.69		1		
7999 150	MEMBER	MARCIA	1933.59		1		
8399 154	MEMBER	CHRISTOPHER	1866.58-	*	1		
12499 150	MEMBER	BRIAN	2584.74		1		
14299 154	MEMBER	ALLYN	1420.09		1		
14599 154	MEMBER	CHRIS	2320.17		1		
15599 150	MEMBER	ANTHONY	2155.19		1		
16299 150	MEMBER	MARY	3018.13		1		
16599 150	MEMBER	JOSEPH	2394.00		1		
Total Number of Accounts =		12					
Total Positive Balances =		23,723.50					
Total Negative Balances =		1,866.38-					

### Field Descriptions

Field Name	Description
Loan Account	(Used by multi-corporation credit unions only.) Enter a single Corporate ID to see data for a single corporation; leave the field blank to include all corporations.
Last Name/First Name	Member Name
Current Acct Bal	Current Balance from the member file.
Neg	Negative Account Balance indicator. An * indicates a negative balance.
Freeze	Freeze Code from the member file. Values are defined at the bottom of the report.

# PARTICIPATION LOAN BALANCE VERIFICATION REPORT

## “PL Balance Verification Report” on the Participation Loan (MNPART) menu



The report is run by investor as needed after processing payments in a work file to identify participation loans where the member principal balance does not match the PL principal balance. The MBR PRIN BAL and PL PRIN BAL on the report provide a current snapshot of these balances.

This report is most useful for investors with loans 100% owned by the investor (PLI%=100) to identify the member and PL principal balances not matching. However, for loans owned less than 100% by the investor (PLI% less than 100), the report can identify loans created in the PL system with the wrong “PLI original investment” amount.

*Note: If there is only a slight difference in the member and PL principal balances, it can be due to how the PLI original investment amount was rounded when the loan was created in the PL system.*

### Note on current day payments:

If a loan has current day payments, this could cause the MBR PRIN BAL and PL PRIN BAL to not match. This is an acceptable difference and is because the payments have not been processed in the participation loan system yet.

LOAN ACCOUNT	MBR PRIN BAL	PLI %	CALCULATED PRIN BAL	PL PRIN BAL	DIFFERENCE	LAST TRAN DATE
114999 780	21,728.43	100.00	21,728.43	21,538.96	189.47	3/13/11
151999 780	24,409.78	100.00	24,409.78	24,376.01	33.77	3/15/11
179999 780	53,503.75	100.00	53,503.75	53,953.33	449.58-	4/14/11
230999 780	28,981.76	100.00	28,981.76	28,099.50	882.26	3/15/11
257999 780	44,682.41	100.00	44,682.41	44,149.97	532.44	3/21/11
275999 780	42,696.00	100.00	42,696.00	42,034.48	661.52	3/22/11
301999 705	63,287.32	100.00	63,287.32	63,582.66	295.34-	4/14/11
TOTALS	279,289.45		279,289.45	277,7349.91	1,554.54	

\*\*\*END OF REPORT\*\*\*

### Field Descriptions

Field Name	Description
Loan Acct	Loan Account Number and Type.
Mbr Prin Bal	Principal Balance from the member file.

<i>Field Name</i>	<i>Description</i>
PLI %	PLI Participation percentage from the PL record. For Freddie Mac loans, this will be 100%.
Calculated Prin Bal	This is the calculated principal balance using the member principal balance and multiplying by the PLI Participation % (Mbr Prin Bal times PLI %)
PL Prin Bal	Principal balance from the PL record.
Difference	Difference between the Calculated Prin Bal and the PL Prin Bal (Calced Prin Bal minus PL Prin Bal)
Last Tran Date	The last transaction date from the member file.

# PARTICIPATION LOAN DELINQUENCY ANALYSIS

## “Part Loan Delinquency Analysis” on the Participation Loan (MNPART) menu

### Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Process date	The process month and year.
PL investors	This is a Select button that allows you to select one or multiple investors.
Report type	Report type is D=Detail and Summary, S=Summary.
Include 30 to 59 day Call Report term	Check this box if you would like to include loans that are delinquent 30 to 59 days.

This report identifies delinquent participation loans by investor. The investor owned portion of delinquent balance is listed in the appropriate date range. It is modeled after the Loan Delinquency Analysis report on the Collections Processing (MNCOLL) menu which lists the CU owned portion of the delinquency.

This report can be run anytime that you want to review the delinquency position of your participation loans. The report will page break by investor.

### Report sample FHMC (PLI%=100)

2/15/13 15:59:46 RUN ON 2/15/13		TEST CREDIT UNION PARTICIPATION LOAN DELINQUENCY ANALYSIS				LPLDEQ	PAGE 1 USER KARENS	
CORP 01 TEST CREDIT UNION PLI 001 FREDDIE MAC								
*** INVESTOR OWNED PORTION OF PARTICIPATION LOANS ***								
ACCOUNT NUMBER	DELINQUENCY BALANCE IN DAYS				DAYS DLQ	LAST PAY DATE	LAST PAY AMT	PLI %
	30 TO 59	60 TO 179	180 TO 364	365 & OVER				
3319999-780			90104.00		195	4/06/09	915.70	100.00
3999898-780	82131.70				38	3/01/10	637.98	100.00
4059999-780			83055.37		72	7/14/09	518.09	100.00
4099898-780		61914.09			165	12/30/09	554.12	100.00
4409999-780		107384.26			101	11/09/09	913.74	100.00
* PARTICIPATION LOANS --	82131.70*	169298.35*	173159.37*	.00*				
# OF LOANS DELINQUENT --	1*	2*	2*	0*				
***END OF REPORT***								

### Report sample PART (PLI % less than 100)

2/15/13 15:16:09 RUN ON 2/15/2013		TEST CREDIT UNION PARTICIPATION LOAN DELINQUENCY ANALYSIS				LPLDEQ	PAGE USER KARENS	
CORP 01 TEST CREDIT UNION PLI 006 TEST INVESTOR 006								
*** INVESTOR OWNED PORTION OF PARTICIPATION LOANS ***								
ACCOUNT NUMBER	DELINQUENCY BALANCE IN DAYS				DAYS DLQ	LAST PAY DATE	LAST PAY AMT	PLI %
	30 TO 59	60 TO 179	180 TO 364	365 & OVER				
50999-725	349522.10				41	6/21/11	7100.00	90.00
51999-725		155291.59			84	8/19/11	1105.00	50.00
* PARTICIPATION LOANS --	349522.10*	155291.59*	.00*	.00*				
# OF LOANS DELINQUENT --	1*	1*	0*	0*				
2/15/13 15:16:09 RUN ON 2/15/2013								
CORP 01 TEST CREDIT UNION PLI 008 TEST INVESTOR 008								
*** INVESTOR OWNED PORTION OF PARTICIPATION LOANS ***								
ACCOUNT NUMBER	DELINQUENCY BALANCE IN DAYS				DAYS DLQ	LAST PAY DATE	LAST PAY AMT	PLI %
	30 TO 59	60 TO 179	180 TO 364	365 & OVER				
52999-501	63106.70				33	8/08/11	900.00	90.00
53999-501	122607.38				42	8/15/11	1600.00	80.00
* PARTICIPATION LOANS --	185714.08*	.00*	.00*	.00*				
# OF LOANS DELINQUENT --	2*	0*	0*	0*				
** GRAND TOTALS --	535236.18*	155291.59*	.00*	.00*				
# OF LOANS DELINQUENT --	3*	1*	0*	0*				
***END OF REPORT***								

# MEMBER ACTIVITY ON PARTICIPATION LOANS

## “Review Mbr Activity on Part Lns” on the Participation Loan (MNPART) menu

Session 0 CU\*BASE GOLD Edition - Member Activity on Participation Loans

Corp ID **01**

Transaction date range **Sep 01, 2013** [MMDDYYYY] to **Sep 30, 2013** [MMDDYYYY]

PL investors **Select** 0 selected

*i* Run this report prior to a settlement work file to check for payment activity.

Navigation icons: Back, Forward, Home, Stop, Print, Refresh, Help, Search, Exit

FR [4062]

Field Name	Description
Corp ID	Corporation ID, default is 01.
Transaction date range	The range of dates for the member activity.
PL investors	This is a Select button that allows you to select one or multiple investors.

Run this report to review member transaction activity on participation loans. Report can be viewed on the screen or printed via *Print Report* (F14). Loans are selected by Transaction date range and PL investor. This report can be run using any date range, but will only provide activity if transactions exist on the member transaction files. The prior 12 months of member activity is available.

Refer to **Page 29** for additional information on this report and for a sample of the display version of the report.

*Note: The display version of this report does not include Tran Code and Tran Type.*

### Printed report version of Member Activity on Participation Loans

LOAN ACCOUNT	TRANS DATE	TRANS AMOUNT	TRAN CODE	TRAN TYPE	PRINCIPAL	INTEREST	BALANCE	DESCRIPTION
4/14/10 11:50:59 RUN ON 6/15/10 TEST CREDIT UNION LPLPAC USER KARENS PAGE 1								
MEMBER ACTIVITY ON PARTICIPATION LOANS								
DATE RANGE: 10/01/2009 TO 1/01/2010								
CORP 01 TEST CREDIT UNION								
PLI 002 FREDDIE MAC								
187989 790	01/01/10	332.20	22	29	99.78	232.42	43650.05	AUTO. FUNDS TRANSFER
187999 790	12/01/09	332.20	22	29	98.73	233.47	43849.08	AUTO. FUNDS TRANSFER
187999 790	11/01/09	332.20	22	29	98.21	233.99	43947.81	AUTO. FUNDS TRANSFER
469989 790	12/05/09	625.76	22	29	168.21	457.55	121845.92	AUTO. FUNDS TRANSFER
469989 790	11/05/09	625.76	22	29	167.58	458.18	122014.13	AUTO. FUNDS TRANSFER
535999 790	12/03/09	359.90	22	12	94.70	265.20	68715.16	FIRST MTG PAYMENT
535999 790	11/03/09	40.10	22	12	40.10	.00	68809.86	FIRST MTG PAYMENT
535999 790	11/03/09	359.90	22	12	94.18	265.72	68849.96	FIRST MTG PAYMENT
535999 790	10/05/09	40.10	22	12	40.10	.00	68944.14	FIRST MTG PAYMENT
1239989 790	12/01/09	190.82	23	61	190.82	.00	126954.01	MBR-ELECTED PRINCIPAL
1239989 790	11/01/09	856.44	22	29	353.27	503.17	126763.19	XFER FOR ESCROW
1239989 790	10/01/09	190.82	23	61	190.82	.00	127116.46	AUTO. FUNDS TRANSFER
4050989 790	12/11/09	204.00	23	37	.00	.00	96058.54	XFER FOR ESCROW
4050989 790	12/11/09	35.00	23	40	.00	.00	95854.54	LOAN/DISB# 000113760
4050989 790	12/11/09	67.00	23	37	.00	.00	95819.54	LOAN DISB, C/U CHECK
TOTALS: 6133.56 1636.50 2649.70								
***** END OF REPORT *****								

### Report Field Descriptions

<i>Field Name</i>	<i>Description</i>
PLI	Participation Loan Investor
Loan Account	The loan account base and type from the member transaction record.
Trans Date	Transaction Date from the member transaction record.
Trans Amount	Transaction Amount from the member transaction record.
Tran Code	Transaction Code from the member transaction record (only appears on printed version of report).
Tran Type	Transaction Type from the member transaction record (only appears on printed version of report).
Principal	Principal Paid on the loan from the member transaction record.
Interest	Interest Paid on the loan from the member transaction record.
Trans Result Balance	Transaction Resulting Balance from the member transaction record.
Description 1	Primary transaction description from the member transaction record.
Description 2	Secondary transaction description from the member transaction record.

# UNFUNDED LOAN REPORT

## “Review Unfunded Loans” on the Participation Loan (MNPART) menu

### Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Loan categories	This is a select button that allows selection of 1 or more loan category codes.

Run this report to identify unfunded (new) loans. Unfunded loans are open on the member file, but do not exist on the participation loan file. Report can be viewed on the screen or printed via *Print Report* (F14).

This report helps to identify loans new that should be added to the participation loan system. (Refer to **Page 12** for instructions on adding a loan to the PL system). The report can also identify loans that are waiting to be funded by Freddie Mac. This situation can cause the member and participation G/L accounts to be out of balance.

### Printed Report version

LOAN ACCOUNT	NAME	LN CTG	MEMBER INFORMATION PRIN BAL	OPEN DATE	LST PMT DT
3549999 781	DAVID A SCHWIMMER	80	92597.59	04/14/10	04/14/10
4679999 780	JENNIFER ANISTON	80	122342.54	04/15/10	04/15/10
Total Principal Balance			214,940.13		
Total Number of Unfunded Loans = 2					

\*\*\*END OF REPORT\*\*\*

### Report Field Descriptions

Field Name	Description
Loan Account	The loan account base and suffix.
Name	The member name.
Ln Ctg	The loan category code.
Prin Bal	The principal balance from the member loan file.
Open Date	The open date from the member loan file.
Lst Pmt Dt	The last payment date from the member loan file.

# PAID OFF LOAN REPORT

## “Review Paid Off Loans” on the Participation Loan (MNPART) menu

### Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Loan categories	This is a select button that allows selection of 1 or more loan category codes. At least one entry is required.
Closed date range	This is the date range to check for closed loans on the member file.

Run this report to identify closed (paid off) member loans. Report can be viewed on the screen or printed via *Print Report* (F14).

The report is used to identify paid off loans that will need an interest adjustment in the PL work file (paid off loans almost always need to have interest adjusted in the work file). If the participation loan status is an “E” for existing, the closed loan is open on the participation loan system.

This report may be helpful for cleaning up the participation loan files. By identifying the closed (paid off) member loans, the loans with a PL STATUS of “C” (Closed) can be manually deleted from the participation loan system via *Add/Maintain Participation Loans* on the Participation Loan Processing (MNPART) menu. Select the loan, then use **Delete**.

### Printed report version of Paid Off Loan Report

```

4/14/10 12:19:43          TEST CREDIT UNION          LPLPOF          PAGE 1
RUN ON 4/14/10          PAID OFF LOAN REPORT          USER KARENS

CORP 01 TEST CREDIT UNION
LOAN CATEGORY 80
CLOSED DATE RANGE: 1/01/2010 TO 4/01/2010

  - - - - - MEMBER INFORMATION - - - - -
LOAN ACCOUNT  NAME          LN CTG  PRIN BAL  OPEN DATE  CLSD DATE  LST PMT DT  PL -  - RD -
                                     STATUS   LOAN
665999 780  MARY JANE JONES          80          .00    09/29/04    01/08/10    01/08/10    C    N
1177989 780  JOHN DEWITT              80          .00    06/16/03    01/25/10    01/25/10    E    N
1889999 780  JAMES B SAUDER          80          .00    01/23/08    03/26/10    03/26/10    E    Y
3970989 780  VINCENT L PARKER        80          .00    12/28/05    01/04/10    01/04/10    C    N
Total Number of Closed Loans = 4

***END OF REPORT***
  
```

### Report Field Descriptions

Field Name	Description
Loan Account	The loan account base and suffix.

<i>Field Name</i>	<i>Description</i>
Name	The member name.
Ln Ctg	The loan category code.
Prin Bal	The principal balance from the member loan file.
Open Date	The open date from the member loan file.
Clsd Date	The closed date from the member loan file.
Lst Pmt Dt	The last payment date from the member loan file.
PL Status	Participation Loan Status, E=Existing, N=New, C=Closed, Blank=does not exist in PL system
RD Loan	A Y indicates that this is a Rural Development loan.

# PARTICIPATION LOAN ACCRUED INTEREST REPORT

## “Accrue Interest for 360 Loans” on the Participation Loan (MNPART) menu

The Accrued Interest Report will generate if this box is checked.

When processing the interest accrual, this report generates if the “Print participation loan accrued interest report” box is checked. A listing of all the loans for the Settlement calculation routine and Company code (if applicable) is provided along with interest accrual information.

LOAN ACCOUNT	DATE REPORTED	PRINCIPAL BALANCE	ACCRUED INT DUE	PAST DUE INTEREST	TOTAL INTEREST DUE
187999 790	08/15/11	42410.53	216.47	.00	216.47
203999 790	08/15/11	88370.54	248.54	.00	248.54
207999 790	08/15/11	66559.38	195.72	.00	195.72
301999 790	08/15/11	87928.06	247.30	.00	247.30
322999 790	08/15/11	120603.07	464.82	.00	464.82
329999 790	08/15/11	147029.29	551.36	.00	551.36
370999 790	08/15/11	105565.36	296.90	.00	296.90
386999 790	08/15/11	176200.31	495.56	.00	495.56
469999 790	08/15/11	119600.97	423.59	.00	423.59
535999 790	08/15/11	65648.88	239.34	.00	239.34
641999 790	08/15/11	84041.88	288.89	.00	288.89
646999 790	08/15/11	119001.74	322.30	.00	322.30
658999 790	08/15/11	81000.00	244.69	.00	244.69
667999 790	08/15/11	47591.22	188.38	.00	188.38
683999 790	08/15/11	78309.21	229.87	.00	229.87
826999 790	08/15/11	82873.83	241.72	.00	241.72
964999 790	08/15/11	287701.64	959.01	.00	959.01
970999 791	08/15/11	143401.47	478.00	.00	478.00
987999 790	08/15/11	64733.15	195.55	.00	195.55
1017999 790	08/15/11	33579.76	101.44	.00	101.44
1081999 790	08/15/11	125355.60	378.68	.00	378.68
1099999 790	08/15/11	125845.19	353.94	.00	353.94
TOTAL BY PLI 001		2,418,706.78	7,362.07	.00	7,362.07

### Report Field Descriptions

Field Name	Description
Loan Account	The loan account base and suffix.
Date Reported	The last date that this loan was reported to the investor.
Principal Balance	The participation loan principal balance.
Accrued Int Due	The amount of interest accrued for the loan. A zero amount with an asterisk (.00 *) indicates that the loan did not accrue interest.
Past Due Interest	The past due interest amount.
Total Interest Due	The total interest due that includes the current interest due and the past due interest.

# CONFIGURATIONS FOR FHMC PARTICIPATION LENDING

## CONFIGURING LOAN CATEGORY CODES

A unique loan category code is set up for Freddie Mac loans.

### “Loan Category Configuration” on the Loan Products (MNCNF) menu Screen 1

Use Payment Controls (F17) and Audio/Online Banking (F23) to control how payments are applied to these loans (see below).

There are several settings on the first loan category configuration screen that relate specifically to the 360-day interest calculation method:

### 1 Interest Calculation Type

Calc Type	Description
365 (0)	The standard daily interest calculation using a 365-day year.
None (2)	Does not accrue interest. Primarily used for written-off loans.
<b>360 / Post (3)</b>	<b>Interest is based on twelve 30-day months, calculated once each month on the same day of the month (i.e., interest is paid in arrears).</b> Use the <i>Day to calculate interest</i> field to specify the day of the month when interest should be calculated. This can be any date (depending on your loan participation partner).
360 / 365 (4)	<i>(Used for business loans.)</i> The standard daily interest calculation using a 360-day year (30-day month). Interest is accrued each day using a <i>per diem</i> calculated as follows: $Rate \div 360 \times Loan\ Balance = Per\ diem$ Refer to the separate “Loan Interest Calculation:

Calc Type	Description
	'360/365 Daily Interest'" booklet for more details.
ADB (5)	(Average Daily Balance) Used for online credit cards only.

## 2 Next Payment Date/Delinquency Control

This flag controls whether or not you allow the member to pay ahead. This is so a member could, for example, pay his May payment during March.

Next payment date/del. control	Can pay ahead
<input type="checkbox"/> AFI delinquency control defa	Can pay ahead
<input type="checkbox"/> AFT payment date control def	No delinquency calculation
<input type="checkbox"/> Use note # control	Single payment per period
<input type="checkbox"/> Allow stock to secure loan	Can pay ahead 1 period
<input type="checkbox"/> Use the lease residual in payc	Can pay ahead 2 periods
<input type="checkbox"/> Restrict approving loan offic	Can pay ahead 3 periods
	Can pay ahead 4 periods
	Can pay ahead 5 periods
	Can pay ahead 6 periods
	Can pay ahead 7 periods
	Can pay ahead 8 periods
	Can pay ahead 9 periods

The *Can Pay Ahead* setting would allow *unlimited* payments ahead and is not generally recommended for 360 mortgages. Depending on your policies and the guidelines from your participation partners, you may choose to allow a member to pay 1 or 2 payments ahead (up to 9 maximum).

*If you do allow members to pay ahead, remember that CU\*BASE will NOT track the amount of interest paid ahead, which means that if a member who has been paying ahead pays off his entire mortgage early, you will still need to manually calculate any **interest rebate** to which the member may be entitled.*

If you prefer to require one payment per period, set this flag to *Single Payment Per Period (P)*. In this case the interactive messaging will automatically warn the member that early payments will be applied directly to principal, and the member can choose to cancel and wait to make the payment until the next month.

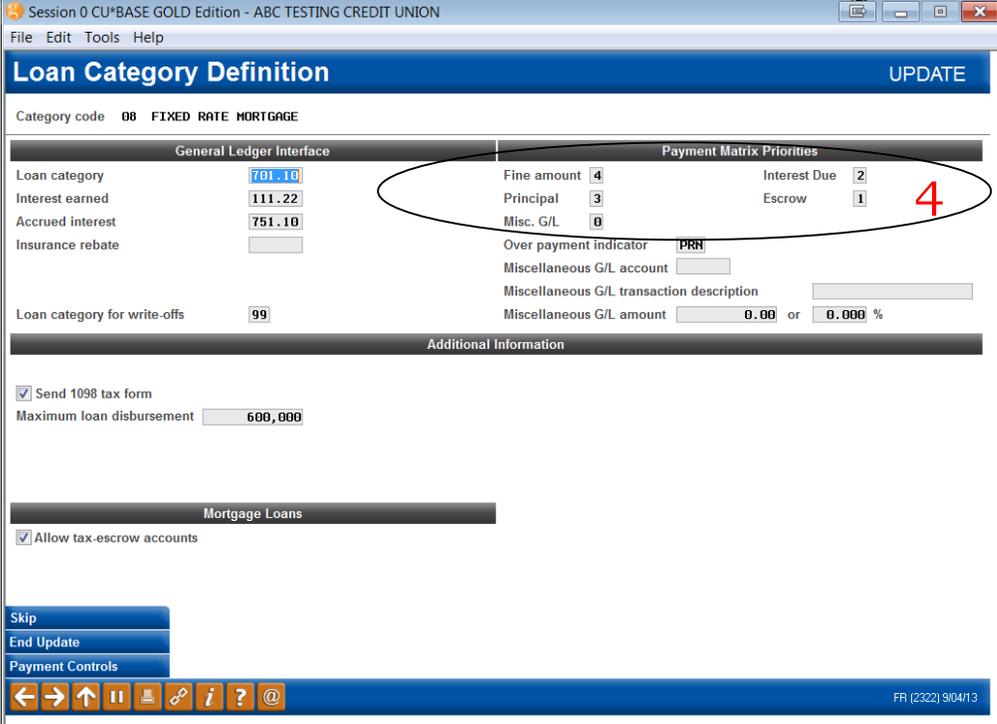
*Remember that regardless of this setting, members can always make their current payment at any time during the month, even prior to the interest calculation date. For example, a member can make his May payment on April 10, even if interest for the May payment isn't normally calculated until April 20, because of the "instant interest calc" feature.*

## 3 Include Delinquency Fine in Partial Pay

This flag controls whether the collection of a fine is necessary in order to move the payment due date ahead to the next period.

Because CU\*BASE requires that fines be collected last for 360-day calc. type loans, this flag should always be **checked** for these loan categories so that fines would always be considered an additional payment and not a payment toward advancing the next payment date and keeping the loan current. (As a rule, this flag should be checked any time fines are set to pay last in the payment matrix, even for non 360-type loans.)

## Screen 2



Session 0 CU\*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

### Loan Category Definition UPDATE

Category code 08 FIXED RATE MORTGAGE

General Ledger Interface		Payment Matrix Priorities	
Loan category	701.10	Fine amount	4
Interest earned	111.22	Interest Due	2
Accrued interest	751.10	Principal	3
Insurance rebate		Escrow	1
Loan category for write-offs	99	Misc. G/L	0
		Over payment indicator	PRN
		Miscellaneous G/L account	
		Miscellaneous G/L transaction description	
		Miscellaneous G/L amount	0.00 or 0.000 %

Additional Information

Send 1098 tax form

Maximum loan disbursement 600,000

Mortgage Loans

Allow tax-escrow accounts

Skip  
End Update  
Payment Controls

FR (2322) 9/04/13

## 4 Payment Matrix Priorities

A loan's Payment Matrix controls how funds are spread among the separate portions of a loan payment (principal, interest, fines, escrow, etc.). The payment matrix is configured at the loan category level, or can be adjusted for each individual loan. In order to process correctly with automated processes, the payment matrix on a 360-day calculation type loan must be set up in the following order:

- 1) Escrow (if these mortgages will have escrows)
- 2) Interest Due
- 3) Principal
- 4) Fine Amount

The *Over payment indicator* must be set to PRN (Principal).

**Collecting Delinquency Fines:** If you use this standard configuration, the system will automatically collect fines due if the member adds extra to his regular payment. For example, say the member's regular payment is \$900 and he owes \$25 in fines. If he makes a payment of \$1,000, the system will satisfy the \$900 payment, pay \$25 in fines, and put the remaining \$75 on principal. Also see Page **Error! Bookmark not defined.** for more tips about collecting fines.

WARNING: Setting your matrix in a sequence other than this, either at the loan category level or even on an individual loan, may cause payments to be applied incorrectly and might result in principal or interest being shorted, or the payment due date not advancing properly, or delinquent interest getting out of synch, or a host of other problems. **Extreme care must be taken if you choose to deviate from this standard matrix for any of your mortgage accounts.** Remember that the spread can be manually adjusted for one transaction at the time via Payment Matrix Override.

### “Payment Controls” (F17)

5

## 5 Payment Controls

The window shown above is used to control how payments can be made for these loans in the following loan payment programs *only*:

- Teller Posting
- Member Transfers (via MNSERV, Phone Op, and “Journal Transfer” (F13) in Teller Posting)
- Direct/Mail Post
- **It’s Me 247** Online Banking

Control	Description
Allow partial payments	<p>Uncheck this flag to block partial payments from being applied. If a payment is entered other than the normal scheduled payment amount, a warning will be displayed and the payment will not be allowed to post with the incorrect amount. (This flag is also used by <b>It’s Me 247</b> when setting up AFT payments to mortgages, to prevent a member from setting up a short payment.)</p> <p><b>Remember that the system will always allow extra payments to principal or principal-only payments, regardless of the setting of this flag.</b> Therefore, this flag must be left <u>unchecked</u> for 360 mortgages for the most consistent processing.</p> <p>HINT: Consider establishing a “sweep” account and requiring payments to be posted to that account instead (see Page <b>Error! Bookmark not defined.</b> for instructions).</p>
Allow partial escrow payments	<p>(Displays only when Allow partial payments is checked.)</p> <p><b>This feature is not supported for the 360-day interest calculation type</b> and must be left <u>unchecked</u>.</p>

Control	Description
	For loans with the 365-day daily accrual calc type, this flag allows partial payments throughout the month toward satisfying the full escrow payment, similar to the regular partial payment feature.
Allow payment prior to first payment date	<u>Uncheck</u> this flag to prevent members from making a payment prior to the first scheduled payment due date. Generally needed only for products sold on the secondary market.

### “Audio/Online Banking” (F23)

This window controls whether or not members can make mortgage payments on their own via **It’s Me 247** online banking. Remember that with the interactive messaging features and other automated controls, you can feel confident in allowing your members to make their mortgage payments via online banking, so **we recommend the *Allow payments via audio/online banking* flag be set to “Always” (1)**.

Other credit union policies may influence how you choose to set this flag. For example, if you automatically set up sweep accounts (see Page **Error! Bookmark not defined.**) to receive payments for *all* of your mortgages, then you could set this to **“Never” (2)** so that members cannot make payments directly to the loan account itself. Or, if your collections staff wants to keep a tighter control on payments made to delinquent mortgages, you could choose option **“Only if Loan is Current” (3)**, which will block a member from making a payment via **It’s Me 247** if their mortgage is past due. The following message will be displayed to members when they try to make a transfer:

Because your loan is currently past due, we are unable to process your payment via online banking. Please contact the credit union directly for assistance in making this payment.

## SETTING UP AN ESCROW SAVINGS PRODUCT

A unique share product must be set up to identify Freddie Mac escrow accounts. It is recommended that a different account suffix range be used as well. To set up the escrow savings product, access **Share Products** on the Savings Products (MNCNFA) menu and create a new dividend application. Be sure to set the “Application type” to “TX=Tax/escrow share products”.

### “Share Products” on the Savings Products (MNCNFA) menu

The screenshot displays the 'Share Account Setup' interface for 'ABC CREDIT UNION'. The 'Dividend application' is 'EC' and the 'Corp ID' is '01'. The 'General Account Information' tab is active, showing the following fields:

- Description: ESCROW
- Account range: 000 to 000
- Application type: Tax/escrow share products (circled in red)
- IRA plan type:
- Reg D transaction account:
- Reg D transfers per month: 00
- ATM surcharge rebate program code:  [Search]
- Zero balance account option: No action taken
- Prompt for credit report on open:
- Allow account nicknames:
- Report dividends to the IRS:
- Club processing allowed:

The 'Accounting Interface' section includes:

- Liability G/L account #: 902.93
- Expense G/L account #: 340.93
- Accrual G/L account #: 830.93

The 'Share Draft/Checking Only' section includes:

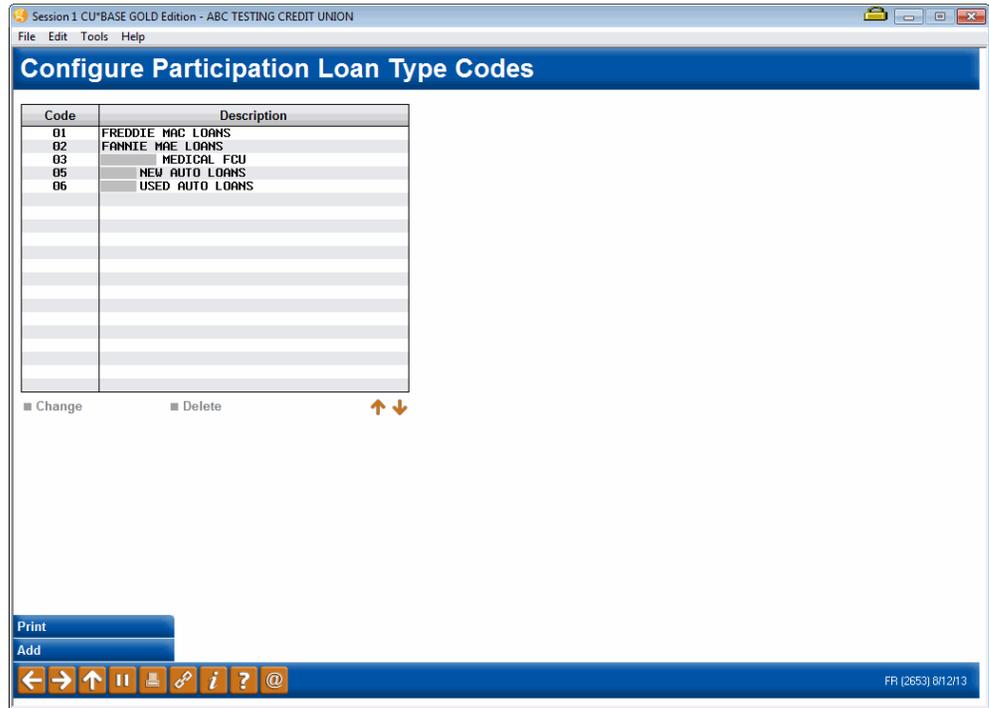
- Stop pay G/L #:
- Stop pay fee: 0.00
- Allow change of fee amount:

At the bottom, there is an information message: "Dividend rates are entered using Member Rate Maintenance on the 'Management Processing/Dashboards' menu." Below this are buttons for Suspend, Save, Skip, Qualified Dividends, ARU/Online Banking, and Checklist. A navigation bar at the very bottom contains icons for back, forward, home, stop, print, search, help, and refresh, along with the text 'FR (2749) 11/11/13'.

For additional information on escrow account, refer to the *Escrow Processing with CU\*BASE* booklet.

# CONFIGURING PARTICIPATION LOAN TYPE CODES

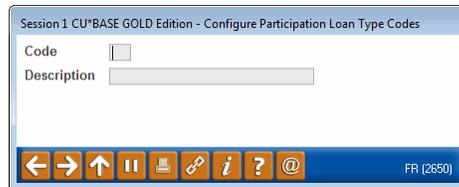
## “Configure Participation LN Types” on the Participation Loan (MNPART) menu



This is the first of two screens used to configure Participation Loan Type codes. These codes are assigned to individual participation loan accounts to help identify groups of loans and to use when printing reports.

It is recommended to set up a unique participation loan type code for Freddie Mac loans.

- To create a new code, use *Add* (F6). To modify an existing code, select it in the list and use the **Change** option. The screen below will appear.
- To delete a code, select it in the list and use the **Delete** option. Codes that are tied to any participation loans cannot be deleted.
- To print a list of participation loan type codes, use *Print* (F5).



Use this screen to record a description for the group of loans. When done, use **Enter** to save and return to the previous screen.

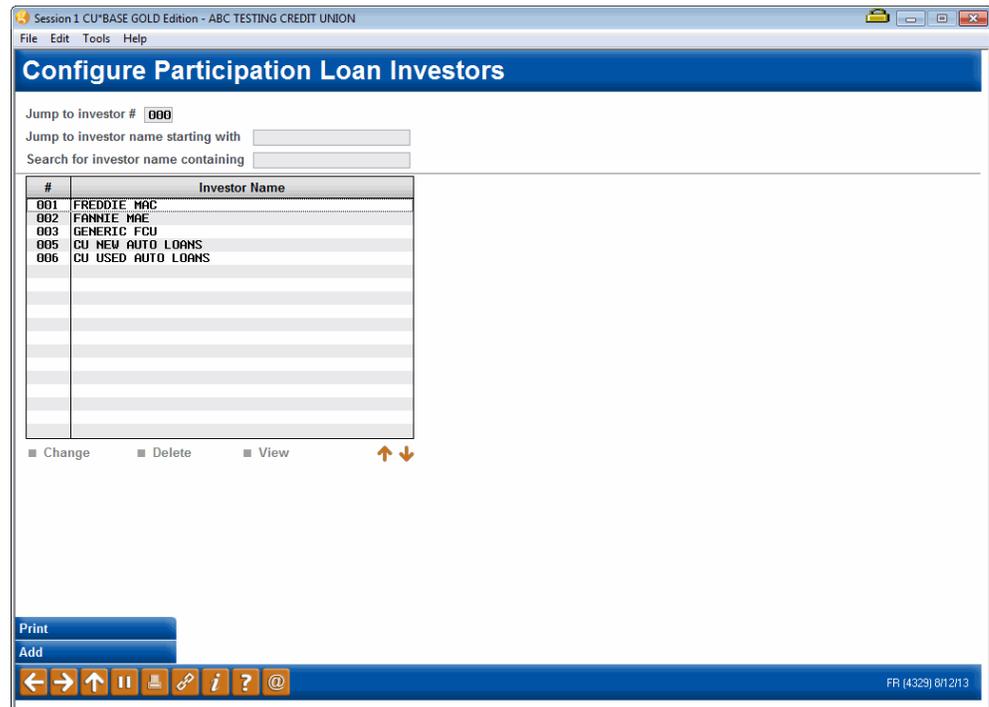
### Field Descriptions

Field Name	Description
Code	If adding a new code, enter any 2-character code (letters and numbers are allowed). For an existing code, this field cannot be changed.

<i>Field Name</i>	<i>Description</i>
Description	Enter a description for this group of loans, such as “real estate participation,” etc.

## CONFIGURING INVESTOR INFORMATION (PLI)

### “Configure Investor Information” on the Participation Loan (MNPART) menu - Screen 1



This is the first of two screens used to configure the information for your credit union’s investors. These are the organization(s) that will be investing in your credit union’s loan accounts. In the participation loan system, the Participation Loan Investor is often referred to as the PLI.

The PLI also controls the default G/L accounts that will be used to record principal, accrued interest, interest income and settlement accounts when participation loan work files are posted.

Use the search criteria at the top of the screen to jump to a specific investor or search based on the investor name. To view an investor’s information, use the **View** option.

To create a new investor, use **Add** (F6). To modify an existing PLI, select the name in the list and use the **Change** option. The screen shown on the next page will appear.

To delete a code, select it in the list and use the **Delete** option. Investors that are tied to any participation loans cannot be deleted.



<i>Field Name</i>	<i>Description</i>
CU/Investor name	Enter the name of the investing individual or organization. This is a required field
Seller/Servicer #	The number assigned by the government investor to identify the credit union. This is a required field for FHMC.
Company code	This is a 3 digit code that identifies companies that service participation loans, i.e. a mortgage CUSO. This is an optional field.
EIN/TIN	The employer identification number or the tax identification number for the investor. This is an optional field.
Address 1 Address 2 City State ZIP code	These fields contain contact information for the investor. Address1, City, State and ZIP code are required.
Contact name Title Contact phone # Fax # Email	These fields contain contact information for the investor. Information for up to three contacts can be entered. These fields are optional.
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365participation loans), and P360 (other 360 mortgage loans). This is a required field.
Settlement type	The method used for determining how funds are paid to the investor: either by AA ( <i>Actual/Actual</i> ), taking into account actual activity on the loan or SA ( <i>Scheduled/Actual</i> ), taking into account scheduled interest and actual principal collected from the member.  Note: The SS ( <i>Scheduled/Scheduled</i> ) settlement type is not available for use at this time.
R&T #	Enter the Routing & Transit number for this investor. This informational field may be used for electronic settlement.
Default PLI type	If you wish to automatically assign a Participation Loan Type code to all loans attached to this investor, enter the type code here. Click the spyglass button to see a list of your credit union's configured codes. This is an optional field. Leave the field blank if you do not wish to assign a default code.  See <b>Page 81</b> for details about configuring these codes.
Settlement G/L acct	Enter the G/L account used to settle cash with the investor each time a settlement is posted, as well as when a new loan investment is originally purchased. This is a required field.
Principal G/L acct	Enter the G/L account used to post the amount paid by the investor for their portion of the member's loan. (This is considered a contra-asset account). This is a required field.
Accrual G/L acct	Enter the G/L account used to post the amount of interest accrued for the investor but not yet paid. This represents a payable account. This is a required field.

Field Name	Description
Interest G/L acct	Enter the G/L account used to post the amount of interest paid to the investor (income acct). This is a required field.

Refer to **Page 89** for recommended G/L accounts to use for Freddie Mac.

### Buttons

Command Key	Description
Suspend (F4)	Use this to suspend this investor so that it cannot be attached to any participation loans. To reactivate, return to this screen and use Enter.  BE CAREFUL: Be sure this investor is not tied to any loan accounts before suspending it.
Comments (F12)	Use this to update or review any special notes about this investor, details about settlement issues and restrictions, etc. Comments are optional.

If *Comments* (F12) is used, the below screen will display.

Session 0 CU\*BASE GOLD Edition - Investor Comments

PLI # 002 CHANGE

Investor name FANNIE MAE

Investor Comments

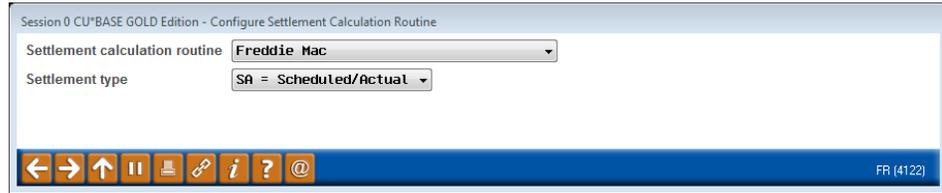
OPENED 08/22/2008 - FIRST FANNIE GRANTED 08/2008  
EFFECTIVE 09/01/2010 - PLI003 COMBINED FROM NMS BACK TO FCU INTO ONE  
BIG FILE UNDER PLI002

Save Changes

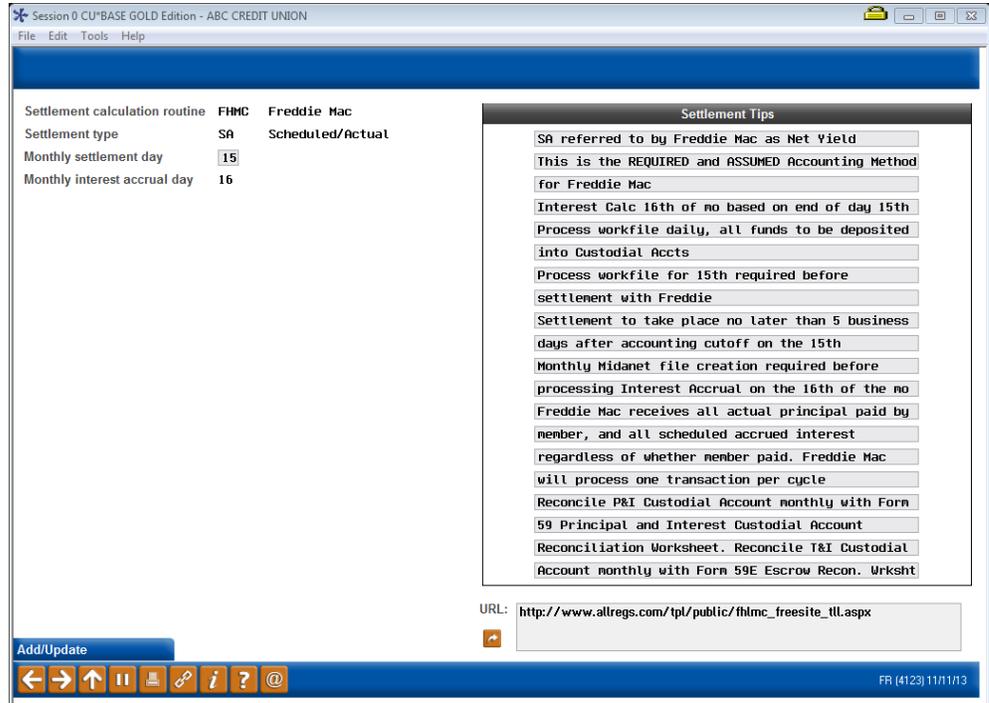
← → ↑ ↓ ⏪ ⏩ ⓘ ? @ FR (4330)

# CONFIGURING THE SETTLEMENT CALCULATION ROUTINE

## “Configure Settlement Calc Rtns” from the Participation Loan (MNPART) menu



### Screen 2



This screen is used to configure the settlement calculation routines for the credit union. This routine determines how a participation loan is handled during the settlement process.

For settlement calculation routines FNMA, FHMC, FHLB and P360, you are required to enter a “Monthly settlement day”. The “Monthly interest accrual day” will default to one day after the “Monthly settlement day”.

For Freddie Mac, the “Monthly settlement day” should be 15. The “Monthly interest accrual day” will then default to 16.

The configuration also contains free form fields that can be used to enter tips specific to the settlement calculation routine. The sample screen above has the suggested settlement tips for Freddie Mac.

### Field Descriptions

Field Name	Description
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie

<i>Field Name</i>	<i>Description</i>
	Mac), FHLB (Federal Home Loan Bank), PART (standard participation loans), and P360 (other 360 mortgage loans). This is a required field.
Settlement type	The method used for determining how funds are paid to the investor: either by AA ( <i>Actual/Actual</i> ), taking into account actual activity on the loan or SA ( <i>Scheduled/Actual</i> ), taking into account scheduled interest and actual principal collected from the member.  Note: The SS ( <i>Scheduled/Scheduled</i> ) settlement type is not available for use at this time.
Monthly settlement day	The processing day of the month for the required monthly settlement. For Freddie Mac this is 15.
Monthly interest accrual day	The day of the month that the interest should be accrued for the monthly settlement file. This will default to one day after the <i>Monthly settlement day</i> and is 16 for Freddie Mac.
Settlement Tips	Settlement tips associated with the <i>Settlement calculation routine</i> . This information is user defined and not required. These tips appear on the "Create/Post Work File" screen.
URL	The URL associated with the <i>Settlement calculation routine</i> . This field is not required and is generally used for government investors (FNMA, FHMC, FHLB). The URL displays on the Create/Post Work File screen MNPART #5. Recommended URL for FHMC: <a href="http://www.allregs.com/tpl/public/fhlmc_freesite_til.aspx">http://www.allregs.com/tpl/public/fhlmc_freesite_til.aspx</a> This URL will access Freddie Mac's Seller Servicer/Servicer guide page.



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# GENERAL LEDGER

## UNDERSTANDING THE GENERAL LEDGER TERMS

<i>Field Name</i>	<i>Description</i>
General Ledger	The central accounting record of an organization which includes offsetting debit and credit accounts including as assets, liabilities, income and expenses.
Participation Loan Investor (PLI)	The partner credit union or other organization that shares in the investment and the risk for the loan.
Contra Account	A GL account that holds a balance opposite the normal balance designation. For example, an asset account that usually has a debit balance would carry a credit balance.
Custodial Account	A credit union share account that either holds the funds to be remitted to Freddie Mac (P&I) or stores the reported balances of member escrow (T&I).
Escrow Account	A member share account that holds the funds used to pay mortgage obligations such as taxes and insurance.

## RECOMMENDED GENERAL LEDGER NUMBERS

These are the recommended G/L accounts for Freddie Mac loans. The sequence number xx is user defined. If your credit union has multiple investors, a unique sequence number should be assigned to each investor.

### **Investor G/L Accounts**

716.xx – Freddie Mac Loans Sold (PL Principal)

786.xx – Accrued Interest for Freddie Mac Loans (PL Interest)

117.xx – Servicing Income for Freddie Mac Loans

899.xx – Freddie Mac Settlement

### **Member Loan G/L numbers:**

704.xx – Member Loan Balances

781.xx – Member Accrued Interest

117.xx – Servicing Income

### **Member Share G/L Account**

907.yy – Member Escrow Savings (different extension than 907.xx)

### **Miscellaneous G/L Accounts**

728-xx – Loans held for sale

907.xx – Freddie Mac Contra Escrow

725-xx – Freddie Mac Negative Escrow Funding

## PARTICIPATION LOAN GENERAL LEDGER ENTRIES

The following illustration shows sample general ledger entries throughout the life of a Freddie Mac participation loan.

### Setup Entries

(A) Credit Union opens/disburse loan to member

(B) Credit Union sets up the participation loan

(C) Investor pays the credit union via a wire transfer; funds are moved to the CU's corporate account then disbursed to the appropriate G/L's.

### Settlement Entries

(D) Accrue Interest on member loan

(E) Accrue Interest on participation loan

(F) Principal payment on member loan

(G) Principal payment on participation loan

(H) Interest paid on member loan

(I) Interest paid on participation loan

(J1) Member adjustment to Custodial Account for payments

<b>(Member Principal)</b> G/L 704.xx		<b>PL Principal</b> G/L 716.xx[Contra-Asset]	
Debit	Credit	Debit	Credit
(A) 200,000	[F] 100-	(G) 100	(B) 200,000-
	Bal=199,900db		Bal=199,900cr

<b>PL Settlement</b> G/L 899.xx		<b>Cash</b> G/L 739.xx	
Debit	Credit	Debit	Credit
(B) 200,000	(C) 200,000-	(F) 100	[A] 200,000-
[J1] 575-	(G) 100-	[H] 500	
	[I] 475-		
	Bal=0		

<b>Member Accrued Interest</b> G/L 781.xx		<b>PL Accrued Interest</b> G/L 786.xx	
Debit	Credit	Debit	Credit
(D) 500	(H) 500-	[I] 475	(E) 475-
	Bal=0		Bal=0

Member/PL Income G/L 117.xx		Corporate Account G/L 730.xx	
Debit	Credit	Debit	Credit
(E) 475	[D] 500-	(C) 200,000	

Servicing  
Income would  
be \$25-

## CONFIGURING YOUR FREDDIE MAC FINANCIAL STATEMENT

Below are sample screens that indicate how to configure your financial statement.

### “Financial Report Configuration” on the General Ledger (MNGELE) menu

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION  
File Edit Tools Help

### Maintain Financial Statement Configuration

Corp ID 1 Report 52  
Title FREDDIE MAC MORTGAGE FINANCIAL  
Format  Balance sheet  Combined  Income statement

Heading	From G/L	To G/L	Code
FREDDIE MAC MORTGAGE LOANS			None
* FHMC MEMBER LOAN	704.00		None
* FHMC PARTICIPATION LOANS	716.01		None
* FHMC LOANS HELD FOR SALE	720.00		None
* PAYMENT ACTIVITY/UNFUNDED LOANS			Print heading total
*****			None
* PARTICIPATION SETTLEMENT	899.01		None
*****			None
FREDDIE MAC ESCROW ACCOUNTS			None
* FHMC MEMBER ESCROW SAVINGS	900.90		None
* FHMC CONTRA ESCROW SAVINGS	907.99		None
* FHMC NEGATIVE ESCROW FUNDING	725.00		None
FHMC ESCROW NET DIFFERENCE			Print heading total

↑ ↓

**Add Report Lines**  
Skip

*i* Leave the "Heading" field blank to print the description from the G/L account(s) as configured in your Chart of Accounts.  
To insert a row under the heading, press **<**

← → ↑ ↓ ⏏ ⏏ ⏏ ⏏ ⏏ ⏏ ⏏ ⏏

FR (2026) 11/25/13

**Screen 2**

Run the Financial Statement, via **Print CU Financials** on the General Ledger (MNGELE) menu. On the final selection screen, be sure to check the boxes to Summarize locations, Print zero balances and Print G/L account #.

**SAMPLE FREDDIE MAC FINANCIAL STATEMENT**

8/25/11 14:54:20 81	TEST CREDIT UNION	LGLFIPHS81	PAGE
RUN ON 8/25/11	FREDDIE MAC MORTGAGE FINANCIAL		USER KARENS
	FOR PERIOD ENDING 8/31/11		
LOCATION(S) - *ALL			
	CURRENT		
	Y-T-D		
	-----		
FREDDIE MAC MORTGAGE LOANS			
700-30 * FHMC MEMBER LOAN	72,081,852.79		
716-01 * FHMC PARTICIPATION LOANS	71,869,215.98-		
720-30 * FHMC LOANS HELD FOR SALE	.00		
	-----		
* PAYMENT ACTIVITY/UNFUNDED LOANS	212,636.81		
*****			
899-01 * PARTICIPATION SETTLEMENT	.00		
*****			
FREDDIE MAC ESCROW ACCOUNTS			
900-90 * FHMC MEMBER ESCROW SAVINGS	260,031.95-		
907-99 * FHMC CONTRA ESCROW SAVINGS	257,218.53		
800-24 * FHMC NEGATIVE ESCROW FUNDING	10,537.96		
	-----		
FHMC ESCROW NET DIFFERENCE	7,724.54		
*****			
781-30 * FHMC MEMBER ACCRUED INTEREST	398.29		
786-01 * FHMC PARTICIPATION INTEREST PAYABL	380.83-		
	-----		
FHMC SERVICING INCOME - CURRENT	17.46		
*****			
117-05 * FHMC SERVICING INCOME - ANNUAL	119,138.43-		
			More...

## UNDERSTANDING PARTICIPATION LENDING AND YOUR FINANCIAL STATEMENT

**Principal Loan balances:** You will have an asset G/L account, i.e. 704.00 containing the CU\*BASE Member loan balances and a contra asset G/L account, i.e. 716.01 containing the loan balance on the participation system. Because Freddie Mac mortgage loans are 100% sold to the investor, these two accounts should net to zero.

*Note: If the accounts do not net to zero, it is generally because loans have been disbursed to the member, but not sold to Freddie Mac yet or payments need to be processed in a participation loan work file.*

**Loans Held for Sale:** You will have an asset G/L account, i.e. 728.00 containing the CU\*BASE Member loan balances that have not been funded yet to Freddie Mac. A journal entry is made to this 728.00 G/L when the Principal G/L accounts (704.00 and 716.01) are not in balance. These accounts are generally balanced at month end.

Example: There is a total loan debit balance of \$13,000,000 in GL 704.00 for FHMC loans and a credit balance of \$12,295,000- in GL 716.00 for Freddie Mac Loans sold. You should credit GL 716.01 and debit 728.00 for \$75,000. The result is that your investor loans are in balance and net to zero.

*Sample financial statement entries before journal entry:*

704.00 Freddie Mac Member Loans	13,000,000.00
716.01 Freddie Mac Loans Sold	<u>12,295,000.00-</u>
Net Difference:	75,000.00
(Payment Activity/Loans not Funded)	

*Sample financial statement entries after journal entry:*

704.00 Freddie Mac Member Loans	13,000,000.00
716.01 Freddie Mac Loans Sold	<u>13,000,000.00-</u>
Net Difference:	0.00
(Payment Activity/Loans not Funded)	
728.00 Freddie Mac Loans Held for Sale	75,000.00

**Optional Journal Entry for end of month (EOM):**

If there is a difference in these G/L accounts at EOM because loans opened on CU\*BASE have not yet been sold to Freddie, you can move the amount of loans not sold from 716-01 to 728-00 and reverse the entries at the beginning of the month. This entry re-classes the difference correctly at EOM as Loans Held for Sale and results in the FHMC loans and contra G/L to net to zero.

**Accrued Loan Interest:** You will have an asset G/L account, i.e. 781.00 containing the member accrued loan interest on CU\*BASE and a contra asset G/L account, i.e. 786.00 containing the accrued loan interest owed the investor on the participation system.

*Note: The interest rate on the participation side is typically .25% lower than the interest rate on CU\*BASE so that the CU earns .25% of the interest for servicing the loans for the investor.*

For example, there is a debit amount of \$61,500 in GL 781.00 for Member Loan accrued interest and a credit balance of \$60,000- in G/L 786.00 for Freddie Mac accrued interest due the investor. The net of \$1500.00 would be your .25% servicing income YTD.

781-00 Member Loan Accrued Interest	61,500.00
786-00 Freddie Mac Accrued Interest	<u>60,000.00-</u>
Freddie Mac Servicing Income	1,500.00

**Member Loan Interest Income:** On the last day of the month (per the loan category config), interest accrues on the FHMC member loan balances and posts to G/L 117.xx as a credit amount. On the Participation loan system, interest accrues via **Accrue Interest for 360 Loans** on the Participation Loan Processing (MNPART) menu and posts to 117.xx as a debit amount. The net balance is the servicing income.

May 31 Member Accrual to 117.00	61,500.00-
June 1 PL Accrual to 117.00	60,000.00
Freddie Mac Servicing Income	1,500.00-

**Custodial Accounts:** Freddie Mac requires two non-interest bearing share draft member accounts on CU\*BASE; one for the loan payments of principal and interest (P&I) and another for the loan escrow share funds used to pay the mortgage escrow bills such as taxes and insurance (T&I).

*Example:*

P&I Custodial Account 1234-001  
T&I Custodial Account 2345-001

Each Custodial Account is reconciled monthly using the Freddie Mac Form 59 (P&I) and 59E (T&I). See the Appendix for samples. To help complete these Forms, print the month end member statement to obtain the custodial account balance. Also, print the Escrow Share Detail Report\* to obtain the Total Positive Balances and Total Negative Balances of the escrow accounts.

\* This is the daily report LPLESC that sorts by dividend application.

**Investor Settlement:** When member loan payments are processed in the participation loan system the total principal and interest posts to a settlement G/L account, i.e. 899.01. These funds must be credited to the P&I Custodial Account. This is done via **Member Acct Adj/Post to Cust Acct** on the Participation Loan Processing (MNPART) menu and results in the balance in G/L 899.01 going to zero in end of day processing. After the account adjustment, if it is the end of the reporting period, then the CU initiates a draft request via FreddieMac.com. This draft request creates an ACH withdraw transaction from the P&I Custodial Account.

**Principal Member Escrow Share balances:** You will have a liability G/L account, i.e. 907.00 containing the total of the member escrow share account balances. You will also have a contra liability G/L account, i.e. 907.99 containing the escrow share balance in the T&I Custodial Account. These G/L accounts should net to zero daily.

**EXAMPLE** (no negative balance escrow accounts):

**Step 1)** Access the Escrow Share Detail Report.

6/13/11 13:19:12		TEST CREDIT UNION		LPLESC		PAGE 1	
RUN ON 7/07/2011		ESCROW SHARE DETAIL REPORT				USER ERICS	
CORP 01 TEST CREDIT UNION							
DIV APPL TE							
				CURRENT			
LOAN ACCOUNT	LAST NAME	FIRST NAME	ACCT BAL	NEG	FREEZE		
3699 151	MEMBER	WILLIAM	4917.03		1		
3999 150	MEMBER	TERESA	3780.87		1		
5499 150	MEMBER	JAMES	2828.00		1		
5899 150	MEMBER	LISA	1371.69		1		
7999 150	MEMBER	MARCIA	2933.59		1		
8399 154	MEMBER	CHRISTOPHER	11866.58		1		
12499 150	MEMBER	BRIAN	2584.74		1		
14299 154	MEMBER	ALLYN	1420.09		1		
14599 154	MEMBER	CHRIS	3320.17		1		
15599 150	MEMBER	ANTHONY	2155.19		1		
16299 150	MEMBER	MARY	3018.13		1		
16599 150	MEMBER	JOSEPH	1400.48		1		
17999 150	MEMBER	JANE	1364.00		1		
18999 154	MEMBER	JASON	5364.09		1		
19999 150	MEMBER	MILDED	2839.12		1		
147838 150	MEMBER	KAREN	1836.23		1		
Total Number of Accounts =		16					
Total Positive Balances =		53,000.00					
Total Negative Balances =		.00					

T&I Custodial Acct#2345-001 balance = \$49,000.00

**Step 2)** Compare the balance of the T&I Custodial Account (\$49,000) to the total member escrow shares (Total Positive Balances=\$53,000). Post the difference using **Member Acct Adj/Post to Cust Acct** on the Participation Loan Processing (MNPART) menu by posting a credit of \$4,000 to the T&I Custodial Account using the contra escrow G/L 907.99 as the offset.

**Step 3)** The new balance in 2345-001 is \$53,000.00 which matches the total positive escrow balance on the Escrow Share Detail Report.

*Note: Deposits to member escrow accounts via loan payments create an increase to the member balances thus you will post a credit to the T&I account. Escrow disbursements from member escrow accounts create a decrease to the member balances thus you will post a debit to the T&I account.*

**Escrow Negative Funding Account:** You will have an asset G/L account, i.e. 725.00 containing the total of member escrow accounts with a negative balance.

Note: The member escrow account balances can be negative because the credit union is required to pay the member escrow T&I bill regardless of whether the funds are in the member's escrow account.

**EXAMPLE** (with negative balance escrow accounts):

**Step 1)** Access the Escrow Share Detail Report.

RUN ON 7/07/2011		ESCROW SHARE DETAIL REPORT				USER ERICS
CORP 01	TEST CREDIT UNION					
DIV APPL	TE					
LOAN ACCOUNT	LAST NAME	FIRST NAME	CURRENT ACCT BAL	NEG	FREEZE	
3699 151	MEMBER	WILLIAM	4917.03		1	
3999 150	MEMBER	TERESA	3780.87		1	
5499 150	MEMBER	JAMES	2828.00		1	
5899 150	MEMBER	LISA	1371.69		1	
7999 150	MEMBER	MARCIA	2933.59		1	
8399 154	MEMBER	CHRISTOPHER	11866.58		1	
12499 150	MEMBER	BRIAN	2584.74		1	
14299 154	MEMBER	ALLYN	1420.09		1	
14399 150	MEMBER	DENNIS	500.00-	*		
14599 154	MEMBER	CHRIS	3320.17		1	
15599 150	MEMBER	ANTHONY	2155.19		1	
16299 150	MEMBER	MARY	3018.13		1	
16599 150	MEMBER	JOSEPH	1400.48		1	
17999 150	MEMBER	JANE	1364.00		1	
18999 154	MEMBER	JASON	5364.09		1	
19999 150	MEMBER	MILDED	2839.12		1	
147838 150	MEMBER	KAREN	1836.23		1	
Total Number of Accounts =	17					
Total Positive Balances =		53,000.00				
Total Negative Balances =		500.00-				

Note: The total net of escrow shares is \$52,500.00

T&I Custodial Acct#2345-001 balance = \$49,000.00

**Step 2)** Compare the balance of the T&I Custodial Account (\$49,000) to the total member escrow shares (Total Positive Balances=\$53,000). Post the difference using **Member Acct Adj/Post to Cust Acct** on the Participation Loan Processing (MNPART) menu by posting a credit of \$4,000 to the T&I Custodial Account using the contra escrow G/L 907.99 as the offset.

The new balance in 2345-001 is \$53,000.00.

**Step 3)** Process a journal entry to fund the negative balance amount. This is done via **Create/Post G/L Journal Entries** on the Participation Loan Processing (MNPART) menu. Post a credit of \$500 to G/L 725.00 Freddie Mac Escrow Funding using 907.00 Freddie Mac Contra Escrow as the offset.

*Sample financial statement before journal entry:*

907.00 FHMC Member Escrow Savings	52,500.00-
725.00 Freddie Mac Escrow Funding	0.00
907.99 Freddie Mac Contra Escrow	53,000.00

*Sample financial statement after journal entry:*

907.00 FHMC Member Escrow Savings	52,500.00-
725.00 Freddie Mac Escrow Funding	500.00-
907.99 Freddie Mac Contra Escrow	52,500.00

Note: The member escrow accounts remain negative so that the Escrow Analysis Report calculates properly.

# APPENDIX A: FUNDING DETAIL REPORT

## Freddie Mac Funding Details Report

Seller Name:	Credit Union	Contract Name:	sch.
Seller Number:	1353	Contract Number:	31065150
Organization ID:	30404	Contract Product:	30-Year Fixed Rate Conventional
Seller Address:		Participation Percent:	100.000%
		Remittance Option:	Gold
		Prepayment Remittance Due Days:	5
Designated Servicer Name:	Credit Union		
Servicer Number:	1353		
Servicer Address:			

### Settlement Summary

Settlement Date:	Seller Loan Number	FHLMC Loan Number	P & I Constant	Interest Paid to Date	Note Rate	ARM Rate	Remaining Maturity	Principal Purchased
03/05/2010	508	995868	574.43	03/01/2010	5.125%	4.875%	360	105,500.00
								\$ 105,909.69
								\$ 103,500.00

# APPENDIX B: FREDDIE MAC FORM 59



## Form 59

As of 3/15/2010

### Principal and Interest Custodial Account Reconciliation Worksheet - Monthly Account Statement

Note: Do not enter any data in shaded fields. Values will automatically calculate based on information entered in other fields.

Seller/Service Number: 134150		Seller/Service Name: _____		Credit Union	
Section 1 - Adjusted Bank Balance					
1a)	Bank balance as of	03/15/10			101,700.65
	1b) Outstanding debits		\$0.00		0.00
	1c) Deposits in transit		\$0.00		2,083.35
1)	Adjusted bank balance (lines 1a - 1b + 1c)				103,784.00
Section 2 - Total Liability					
2)	Ending Balance from the		03/15	Monthly Account Statement	106,558.11
			(Month/Yr)		
Subtract cumulative totals for:					
	3a)	Delinquent interest on active Mortgages		2,784.74	
	3b)	Delinquent interest on inactive Mortgages			
	3c)	Delinquent principal on scheduled/scheduled Mortgages			
3)	Subtotal for delinquent principal and interest (lines 3a + 3b + 3c)				2,784.74
Add cumulative totals for:					
	4a)	Prepaid interest			
	4b)	Prepaid principal on scheduled/scheduled			
		Mortgages			
	4c)	Minority principal and interest collected but not reported as of			
			(Month/Yr)		
4)	Subtotal for prepaid items (lines 4a + 4b + 4c)				0.00
5)	Total Liability (lines 2 - 3 + 4)				103,773.37
Section 3 - Total Variance					
6a)	Current cycle's total cumulative variance (line 1 - line 5)				10.63
6b)	Previous cycle's total cumulative variance (line 6a from previous cycle)				10.62
6c)	Total variance for the current cycle (line 6a - line 6b)				0.01

Prepared by: Constancia Plas Date: 4/15/10

Approved by: Dani Kijar Date: 4/15/10

The Principal and Interest Custodial Account Reconciliation Worksheet is a required document. See instructions worksheet for information on completing it. The additional worksheets in this workbook are optional tools to assist you in identifying variances.

# APPENDIX C: FREDDIE MAC FORM 59E



## Form 59E

As of 3/15/2010

### Escrow Custodial Reconciliation Worksheet - Monthly Account Statement

Note: Do not enter any data in shaded fields. Values will automatically calculate based on information entered in other fields.

You must complete a consolidated reconciliation if you have more than one Escrow Custodial Account

Seller/Servicer Number: 134150

Seller/Servicer Name: Alpena Alcona Credit Union

Section 1 - Adjusted Bank Balance		
1a)	Bank Balance as of 03/15/10	92,927.22
	1b) Subtract: Outstanding debits	
	1c) Add: Deposits in Transit	835.98
1)	Adjusted bank balance (lines 1a-1b+1c)	93,763.20
Section 2 - Total Liability		
2a)	Escrow trial balance total as of 03/15/10	92,368.80
Enter cumulative totals for:		
2b)	Negative escrow trial balance as of 03/15/10	1,394.40
2c)	Adjustments for suspense accounts	
2d)	Adjustments for Mortgages not included on trial	
2e)	Adjustments for other accounts (e.g. buydown subsidies)	
2)	Adjusted escrow balance (lines 2a+2b+2c+2d+2e)	93,763.20

Section 3 - Total Variance		
3a)	Current cycle's total cumulative variance (line 1 - line 2)	0.00
3b)	Enter previous cycle's cumulative variance (line 3a of previous cycle)	
3c)	Current cycle's variance (line 3a - 3b)	0.00
		overage/(shortage)

Prepared by: Constantine Plas Date: 4/15/10

Approved by: Dawni Kufner Date: 4/15/10

The Escrow Custodial Reconciliation Worksheet is a required document. See Instructions tab for information on completing it. The additional tabs in this workbook are optional tools to assist you in identifying variances.