

MPF Xtra® Product

Shortage/Surplus Remittance Changes

November 2022



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Overview

This past February, Fannie Mae provided advance notice of upcoming changes to investor reporting and remittance requirements

- To prepare for these changes, the MPF Program will be updating the cash management and reconciliation processes for the MPF Xtra product.
- This change **will not** impact the reporting and remittance process for the MPF Traditional products.
- These changes will be effective as of **December 5, 2022**.
- This new process allows Servicers to resolve reporting exceptions in real time and make reconciling cash more efficient.



Overview

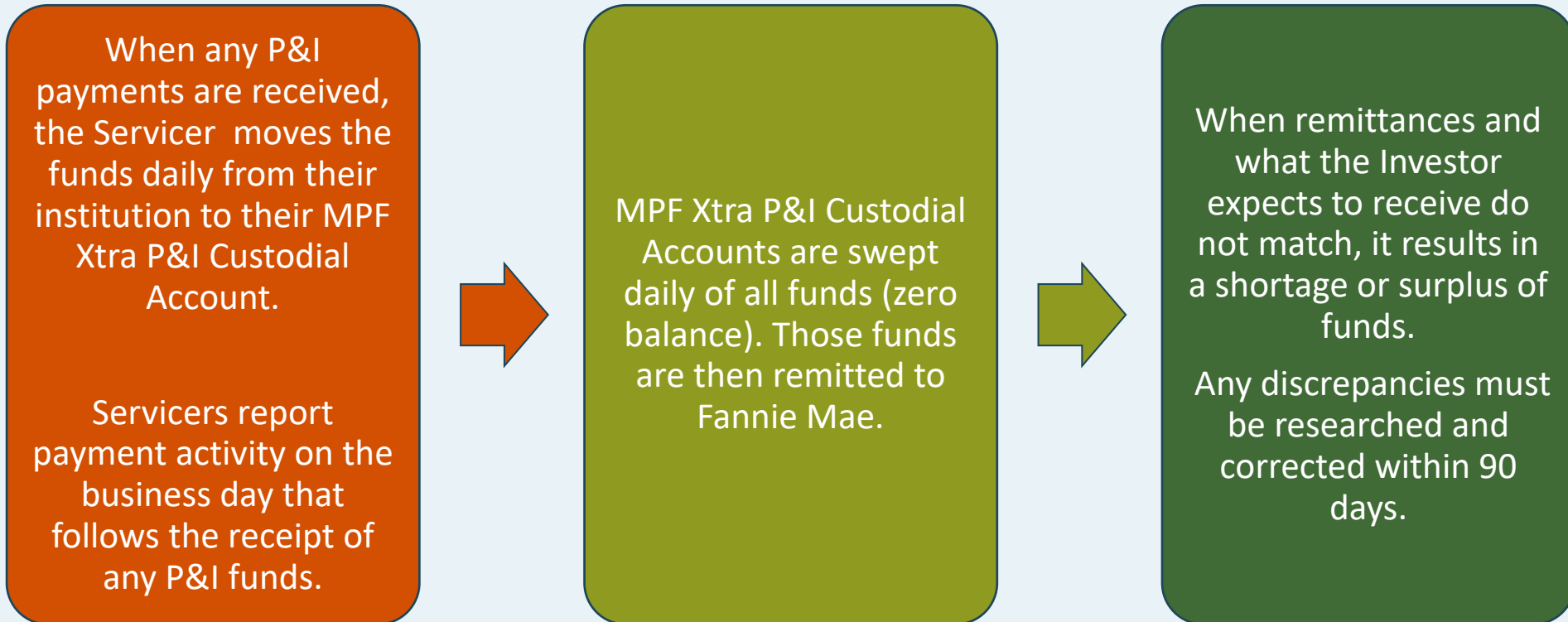
Currently MPF Xtra custodial accounts are debited on a daily basis and are zero balance accounts

- This means that all funds remitted are cleared from the account and remitted to Fannie Mae.
- That process will continue, however the amount being cleared from the account will now be based upon the **reported remittance activity**, not the total amount of funds in the account.
 - ✓ Remittance activity is reported using either **Exhibit C**, **Exhibit D** or **Exhibit D-X** (LAR 96 format).
 - ✓ Remittance activity is always reported on the business day that follows the posting of any payment activity.
 - ✓ If there is no activity on a given day, reporting no activity is not necessary.

Let's take a closer look...

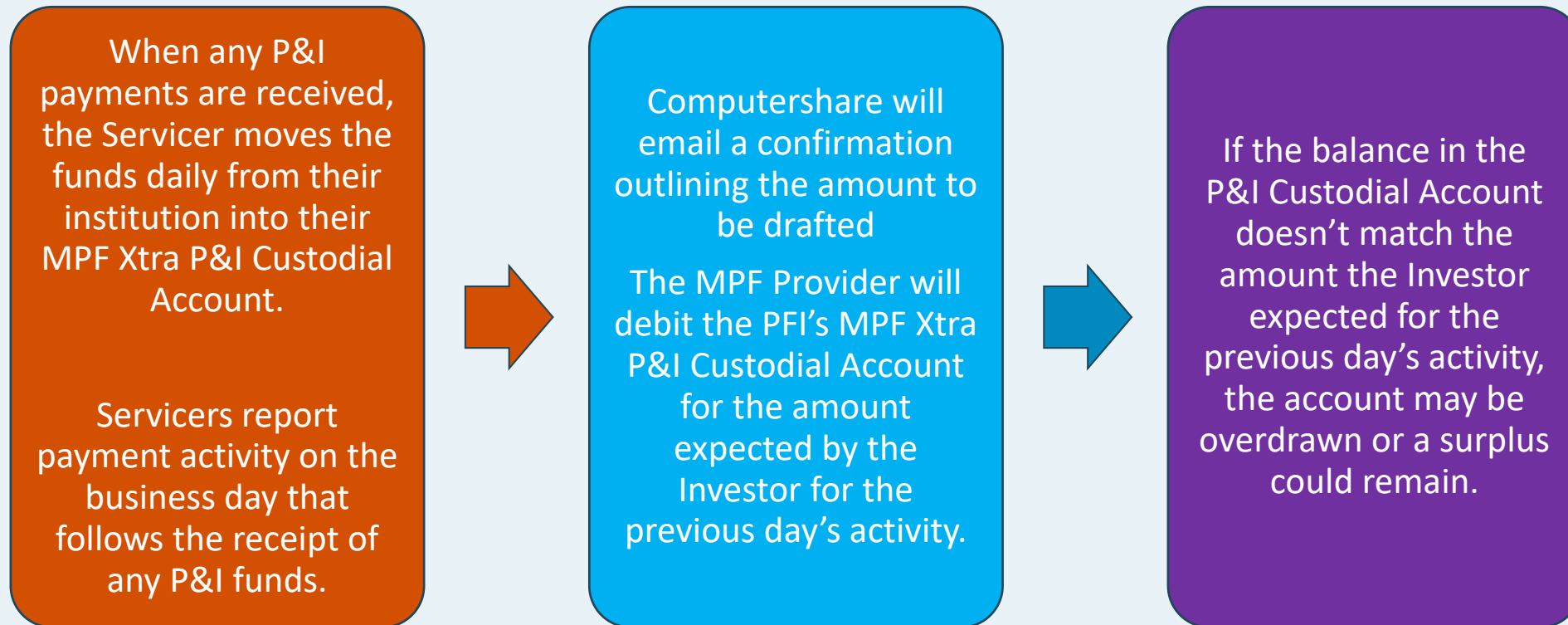
The Current Process

MPF Xtra accounts are debited on a daily basis and are considered zero balance accounts



The New Process

Beginning in December the following process will be followed



Managing Overdrawn Accounts

In the event the funds deposited are less than what the Investor is expecting for the previous day's activity, the P&I Custodial Account will be **overdrawn**

- If your P&I Custodial Account is overdrawn, you are required to clear the overdraft exception by funding the difference on the same day.
- This can be done by:
 - ✓ Wire transfer
 - ✓ Same day ACH



Managing Surpluses

In the event the funds deposited are more than what the Investor is expecting, the MPF Xtra P&I Custodial Account will be left with surplus funds

- If an account has a surplus, the surplus will remain in the account.
- You must contact the MPF Provider to reconcile or confirm that your organization will short funds during the next remittance.
- Incorrect reporting, especially with pay-offs and curtailments can result in excess funds.



Existing Issues

The MPF Program will advance any previous discrepancies from the November reporting cycle. Going forward, all MPF Xtra P&I Custodial Accounts will start with a zero balance

- A communication will be provided outlining any historical discrepancies that existed on your account prior to the transition.
- Any shortfalls will be expected to be funded within 90 days.



Preparing for Change

It is important to carefully track and accurately report your daily activity

- The **MPF Xtra® Monthly Remittance Recap (Form SG301-X)** has been updated to include additional fields that will be useful for the new process.
 - ✓ Daily Remittance Amount
 - ✓ Total Cumulative Remittance Amount
 - ✓ iTAR Total Remittance Amount
 - ✓ Difference
- Form SG301-X should be updated **daily** and compared with the associated iTARS to help identify and reconcile discrepancies between remittances and reported activity.
- Monthly activity on the Final Turnaround Report (fTAR) should always be compared to the total cash remitted on Form SG301-X.

Notifications

Upon receipt of any activity reporting, Computershare will send an email outlining the amount of funds that will be debited from the MPF Xtra P&I Custodial Account

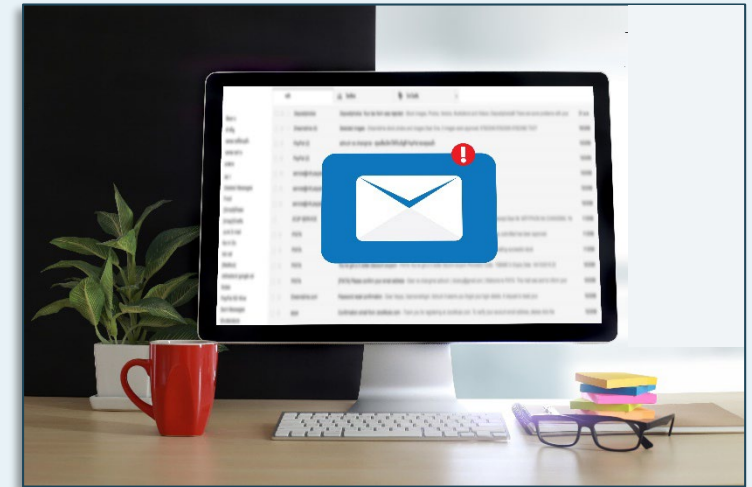
Hello,

Please see the attached loan level breakout for PFI Number: **4003**

The total Remittance amount = **342,313.80**

The total principal remittance amount = **241,447.11**

The total interest remittance = **100,866.69**



The Revised Form SG301-X

Four new fields have been added and or updated

MPF Xtra® Monthly Remittance Recap (Form SG301-X)

mpfMortgage Partnership Finance

PFI/Servicer Information

PFI Number: 1111 Servicer Name: Fake Bank

Product Information

This form is used for the MPF Xtra product only.

Monthly Remittance Recap

Time Period Covered: December 1-31 2022

Date Payments Posted to Mortgage Loans	Date wire or ACH sent to FHLB DID Account	Daily Remittance Amount	Total Cumulative Monthly Remittance Amount	iTAR Total Remittance Amount (Sum of total cash reported)	Difference (Total Cumulative Monthly Remit vs Activity reported/iTAR amount)
12-1	12-2	800.92	800.92	800.92	0
12-2	12-5	9,278.73	10,079.65	10,079.65	0
12-5	12-6	602.96	10,682.61	10,682.61	0
12-16	12-19	244.26	10,926.87	10,926.87	0
12-19	12-20	1,987.21	12,914.08	12,914.08	0
12-20	12-21	2,591.30	15,505.38	15,505.38	0
12-21	12-22	991.25	16,496.63	16,496.63	0
12-29	12-30	430.77	16,927.40	16,927.40	0

MPF Xtra® Monthly Remittance Recap (Form SG301-X)

mpfMortgage Partnership Finance

Remittance Summary	Amount
Total Principal (fTAR)	+10,207.97
Total Net Interest (fTAR)	+6,719.43
Cash Adjustment (fTAR)	+/-0

Remittance fTAR: 16,927.40

If the Total Remittance Activity for the Calendar Month does not equal the Remittance from the fTAR, explain the difference and provide:
Date Resolved:
Explanation:

Employee Information

By submitting this form, I certify that the information contained herein is true and accurate.

Printed Name of Employee Completing Form:

Title: Email:

Phone Number: Date Submitted:

The last section of the form is filled out *after* receipt of the fTAR and retained for your records

The Revised Form SG301-X

Daily Remittance Amount

- Enter the total amount remitted from each day's activity

Total Cumulative Monthly Remittance Amount

- Create a running total of all P&I funds received.


iTAR Total Remittance Amount

- This is the total of all cash reported on the iTAR. It should match the total cumulative amount.





Difference

- If your total cumulative remittance amount doesn't match the *sum of total cash reported* on the corresponding iTAR, your account will be out of balance.

Expense Recap (Form SG301-X)



Bank: Fake Bank _____

Daily Remittance Amount	Total Cumulative Monthly Remittance Amount	iTAR Total Remittance Amount (Sum of total cash reported)	Difference (Total Cumulative Monthly Remit vs Activity reported/iTAR amount)
800.92	800.92	800.92	0
9,278.73	10,079.65	10,079.65	0
602.96	10,682.61	10,682.61	0
244.26	10,926.87	10,926.87	0
1,987.21	12,914.08	12,914.08	0
2,591.30	15,505.38	15,505.38	0
991.25	16,496.63	16,496.63	0
430.77	16,927.40	16,927.40	0

Compare Your Cumulative Amounts

MPF Xtra® Monthly Remittance Recap (Form SG301-X)

mpf

Mortgage
Partnership
Finance™

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iTAR example after payments from December 2nd are reported

	Loan Cnt	Prin Amt	Interest Amt
			MPF Program
Investor	16	5,488.40	4,591.25
Servicer	16	5,488.40	4,591.25
Total Differences		0.00	0.00
Month To Date Summary			
Count of loans reported:		16	
Count of loans not yet reported:		8	
Count of liquidated loans:		0	
Sum of total cash reported:		\$10,079.65	

Turnaround Reports

All exceptions appearing on Initial Turnaround Reports (iTARS) must be cleared

- Failure to do so will result in a variance between the amount reported and the amount debited from the MPF Xtra P&I Custodial Account.
- The drafted amount will be equal to the activity reported. If the activity reported doesn't correspond with the amount deposited into the MPF P&I Custodial Account, it will result in a variance.

Using the Form SG301-X to Reconcile

Reconcile month-end Remittances with the Final TAR (fTAR)

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Date Resolved:
Explanation:

Employee Information

By submitting this

Printed Name of E

Title:

Phone Number:

Loan Cnt	Prin Amt	Interest Amt	Curt Amt	Sum
24	8,034.81	6,719.43	2,173.16	
24	8,034.81	6,719.43	2,173.16	
	0.00	0.00	0.00	
Ending Loan Count:			24	
Total Principal:			10,207.97	
Total Net Interest:			6,719.43	
Cash Adjustment:			0.00	
Net Realized Loss/- Gain:			0.00	
Non Supp Comp Int:			0.00	
Prepayment Penalty Amount:			0.00	
Int Adj- Non Adv Amount:			0.00	
Remittance				16,927.40

Reconciliation Steps Example

Thursday
Dec. 1

- Deposit all MPF Xtra P&I funds posted on Dec 1st (minus any servicing fees) into your MPF Xtra P&I Custodial Account

Friday
Dec. 2

- Enter the Dec 1st activity onto Form SG301-X
- Report Activity from December 1st to Computershare (compare to your SG301-X)
- An email will be sent to notify you about the amount that will be debited from your MPF Xtra P&I Custodial Account
- The email also serves as confirmation that your daily activity report has been received

Monday
Dec. 5

- Computershare supplies an iTAR for the Dec 1st activity. Compare the cumulative amounts on the iTAR and Form SG301-X
- The December 1st funds expected by the Investor are debited from your MPF Xtra P&I Custodial Account
- If there are insufficient funds in the P&I account to cover the amount debited, it will result in a shortage
- If there are more funds in the P&I account than the amount debited, it will result in a surplus

Summary

- The new process will begin in December with the first account drafts under this process occurring on Monday, December 5th.
- Watch for a communication about the current status of your exceptions and MPF Xtra P&I Custodial Account balance (if any).
- Begin using the revised Form SG301-X to reconcile your daily activity.
- Review the email notifications that confirm the amount that will be drafted from your MPF Xtra P&I Custodial Account.
- Clear any exceptions immediately.
- Overdrafts must be corrected on the same day, contact MPF Investor Accounting for account surpluses.

MPF Resources

MPF Loan Accounting
mpfloanaccounting@fhlbc.com

MPF Investor Accounting
mpfinvestoraccounting@fhlbc.com

MPF Service Center
Phone: (877) 345-2763
MPF-Help@FHLBC.com
Hours: 8:30 AM -4:30 PM CT

MPF National Education
mpftraining@fhlbc.com



Questions

