# 2018 McCracken Conference



**CUSTODIAL ACCOUNTING** 



## **Custodial Accounting**

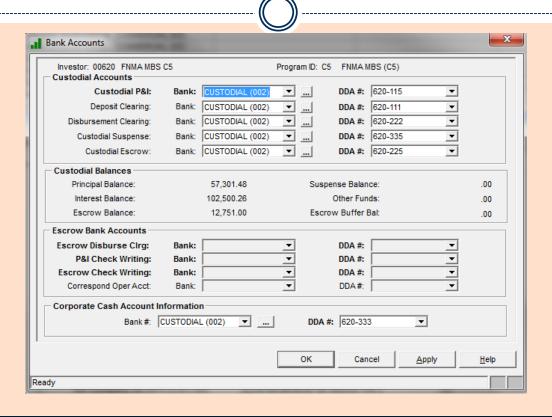
### Custodial Accounting

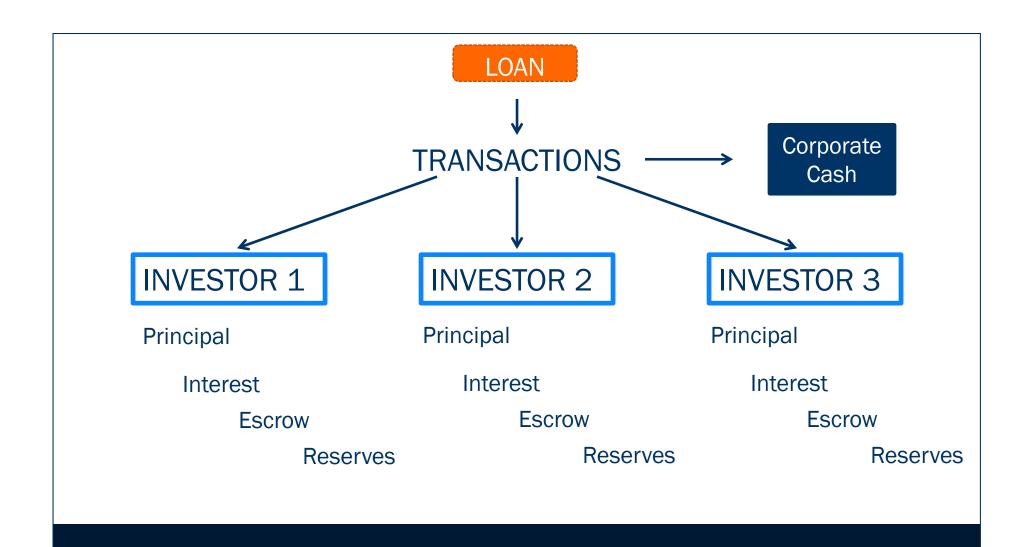
- Account to investors for money that comes into your company
- Each investor has its own account
- Reports or statements act as a Check Register

#### ACH Module

- Subsystem of Custodial Reporting
- Used to transfer funds to and from investor accounts

#### Investor Vendor – Bank Accounts





Cash movement occurs at the investor level for all transactions except reserves. Listed below are example transactions and their associated cash flow.

Principal and Interest Payments		
Deposit/Withdrawal	Account	Notes
WTH	Deposit Clearing	Investor or system control
DEP	P&I Custodial	
Late Charges or		
Miscellaneous		
Amounts		
Deposit/Withdrawal	Account	Notes
WTH	Deposit Clearing	Investor or system control
DEP	Corporate Cash	Investor or system control

Escrow		
Disbursements		
Deposit/Withdrawal	Account	Notes
WTH	Escrow Custodial	
DEP	Escrow Disbursement	Investor Escrow Disb, P&I Disb, or System Control
Reserve		
Disbursements		
Deposit/Withdrawal	Account	Notes
WTH	Reserve Custodial	
DEP	Disbursement Clearing	Investor Escrow Disb or System

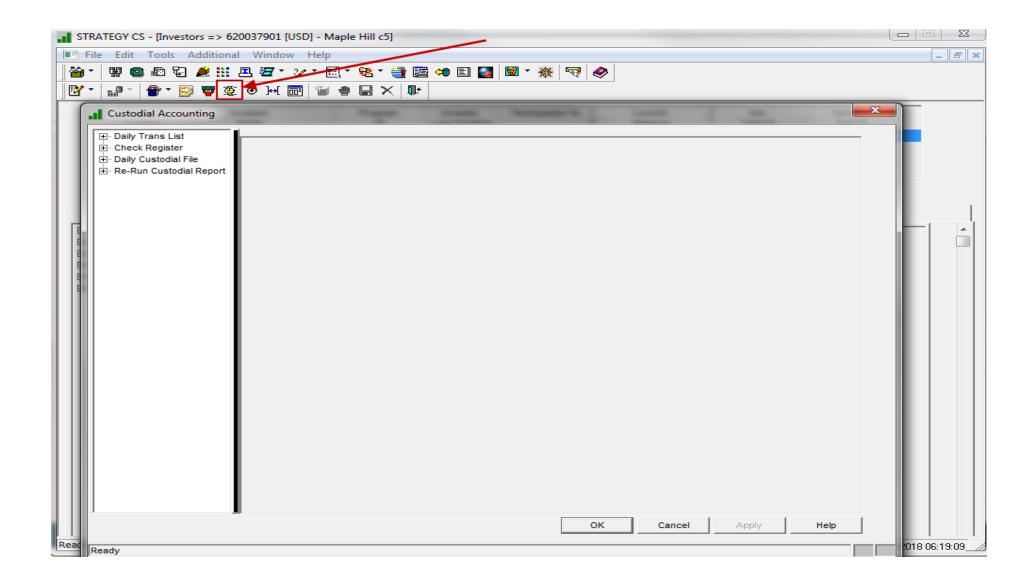
### **Investor Remittance (IREM) Records**

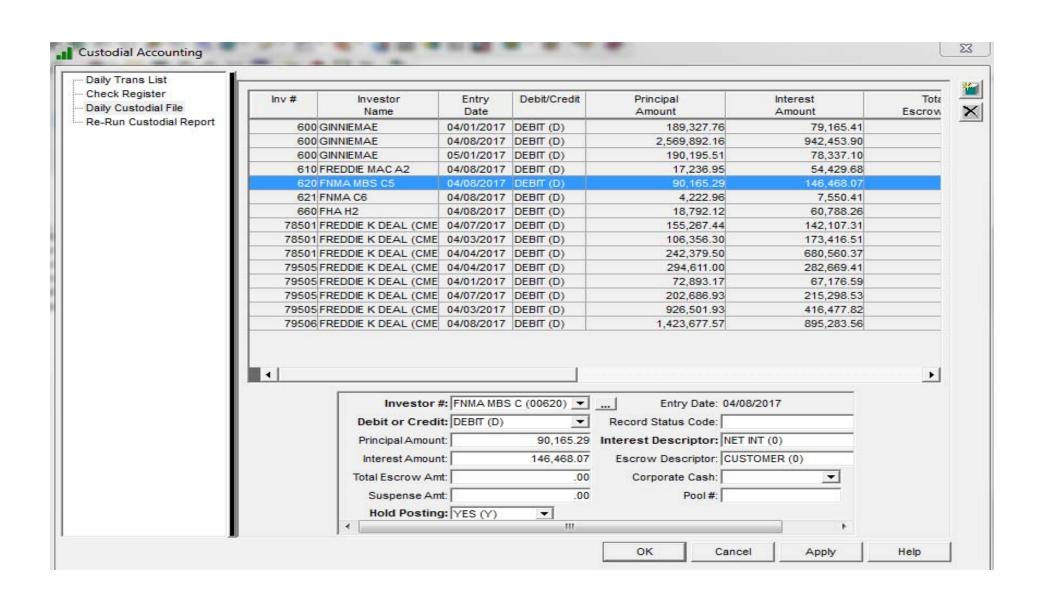
- Amounts in the Investor Remittance records reflect amounts due – based on the Investor's percentage owned
- Amounts to be routed to an Investor's Custodial account will be based on amounts in the Investor Remittance record

# **Custodial Accounting**

DAILY CUSTODIAL FILE







## **Daily Custodial File**

- Daily Custodial File contains
  - Remittance amounts generated by Investor Cutoff reports
  - Remittance amounts generated by Investor Remittance Report (MB620R/MB630E)
  - Escrow Disbursements and Payments
  - Investor's portion of Late Charges
  - Servicer's portion of Interest if you elect to remit gross Interest to Custodial (Investor Vendor File setting)

## **Daily Custodial File**

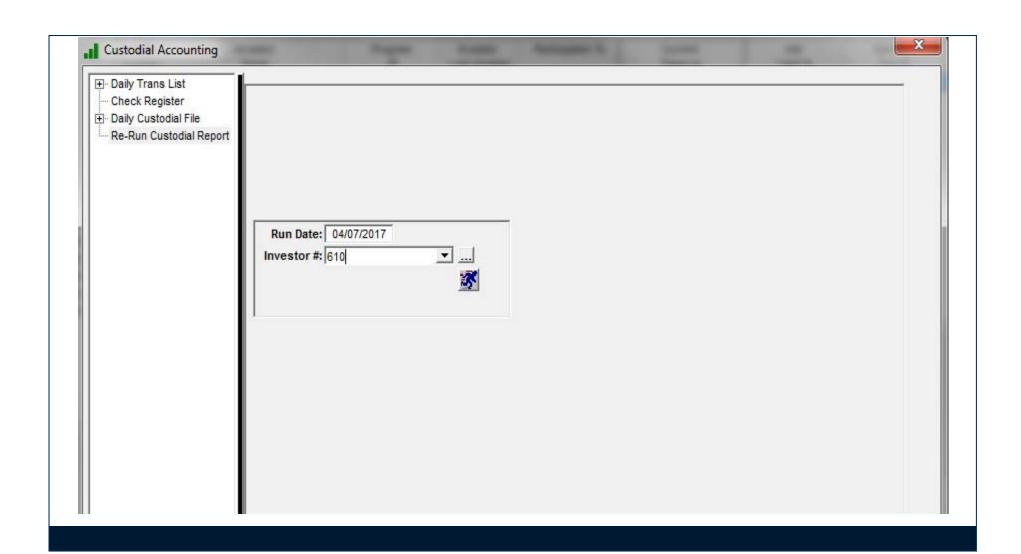
#### Daily Custodial File

- o If entries are not in a 'Hold' status, in dayend....
  - **▼** They will update the Custodial History File
  - **▼** They will report on the daily Custodial Statements
  - **★** A corresponding entry is made in the ACH file
- If entries are in a 'Hold' status, they will remain in the Daily file until released
- PICD daily file
- PICH historical file

### **Custodial Reports**

#### Custodial Statements

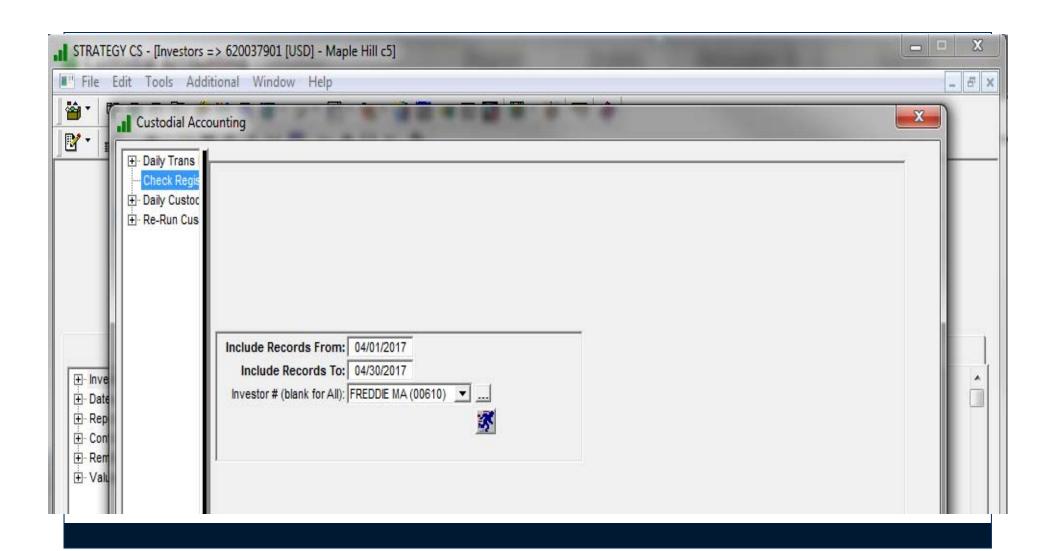
- Dayend (or on Demand)
  - **▼** Investor Custodial Accounting for P&I (MB432G)
  - **▼** Investor Custodial Accounting for Escrow (MB432F)
  - ➤ Show the Beginning balances of the investor's principal, interest and escrow, the Sum of Deposits and/or Withdrawals for the day, and the Ending balances
- Detail of the Deposits and/or Withdrawals
  - ➤ Daily Investor P&I Report (MB482B)
  - **➤ Daily Investor Escrow Report (MB482F)**



GR432G PATTY19C

#### INVESTOR CUSTODIAL ACCOUNTING - P&I FOR 04/08/2017

INVESTOR	BANK	<u>C</u>	CURRENT ACCOUNT INFORMATION			
NUMBER 00610 NAME Freddie Mac A2	NUMBER 002 NAME Custodial	Bank 002 B	BANK ACCT NUMBER - P&I BANK ACCT NUMBER - ESCROW BANK ACCT NUMBER - SUSPENSE	610-115 610-225 610-335		
ADDRESS	ADDRESS	G G	G/L P&I ADVANCES G/L ADVANCES - ESCROW G/L CORPORATE CASH DISBURSEMENTS CLEARING	100100101000000 100100104000000 100100102000000 100100103000000		
REP	REP	D	DISBURSEMENT OFFSET	100100105000000		
PHONE	PHONE	P	PRINCIPAL	.00		
			NTEREST	.00		
			SCROW	5,250.00		
			SUSPENSE	.00		
			ESCROW BUFFER	.00		
			OTHER FUNDS	.00		
	WITHDRAW	ALS	DEPOSITS			
DATE BEG. BAI	ANCE PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	END. BALANCE	INV L/C
4/08/201REMIT 45,66	7.74 17,236.95	28,430.79			.00	
TOTALS	17,236.95	28,430.79	.00	.00		.00
RECAP 45,66	7.74 45,66	7.74	.00		.00	



CR432B	PATTY19C	DATE 10/09/18 PAGE 1

TIME 10:53:38

INVESTOR CUSTODIAL ACCOUNTS INQUIRY - PGI

RECAP

.00

45,667.74

OM 04/01/2017 TO 04/30/2017 SELECTION-0061

		FROM 04/01/2017 TO 04/30/2017	SELECTION-00610				
INVESTOR	BANK	CURRENT ACCOUNT INFORMATION					
NUMBER 00610	NUMBER 002	BANK ACCT NUMBER - P&I	610-115				
NAME Freddie Mac A2	NAME Custodial Bank 002	BANK ACCT NUMBER - ESCROW	610-225				
		BANK ACCT NUMBER - SUSPENSE	610-335				
ADDRESS	ADDRESS	G/L P&I ADVANCES	100100101000000				
		G/L ADVANCES - ESCROW	100100104000000				
		G/L CORPORATE CASH	100100102000000				
		DISBURSEMENTS CLEARING	100100103000000				
REP	REP	DISBURSEMENT OFFSET	100100105000000				
PHONE	PHONE	PRINCIPAL	.00				
		INTEREST	.00				
		ESCROW	5,250.00				
		SUSPENSE	.00				
		ESCROW BUFFER	.00				
		OTHER FUNDS	.19				
	WITHDRAWALS	DEPOSITS			OTHER F	UNDS	
DATE BEG. BALANCE	PRINCIPAL	INTEREST PRINCIPAL	INTEREST END. BALANCE	INV L/C	SERV L/C	INT ADJ	SERV INT
4/03/2017 .00		17,236.95	28,430.79 45,667.74				
4/08/2017 45,667.74		28,430.79	.00				
	- ,	•					
TOTALS	17,236.95	28,430.79 17,236.95	28,430.79	.00	.00	.00	.00

45,667.74

.00

### **Updating Custodial Records**

- Change Hold Posting
  - From Y to N
    - **▼** Remittance amounts for some Investors
      - o Calculated at Cutoff
      - o Custodial record created, but on Hold
      - o Release record when funds are remitted
    - **▼** In dayend
      - o Custodial Statement will reflect amount as withdrawn
      - o ACH record will be created

## **Updating Custodial Record**

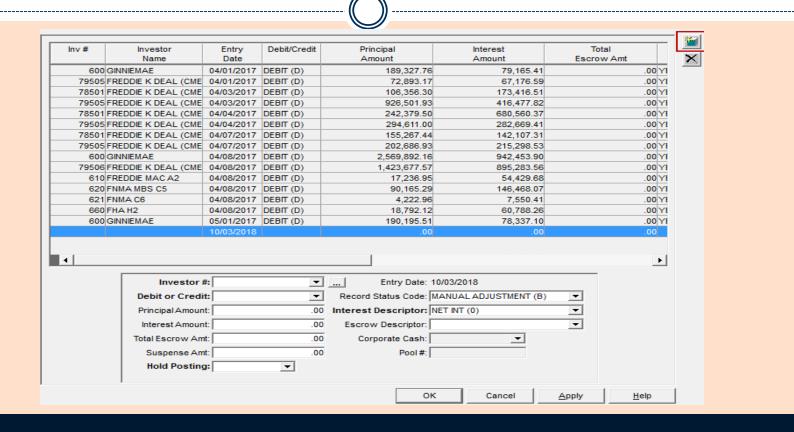
#### Deleting records

 If you remit daily, you may need to delete entries created at Cutoff

#### Adding records

 When funds are remitted outside of a normal remittance (i.e., Payoff or Curtailment)

## **Manual Entry to Custodial**



## Manual Entry – Record Status

#### Record Status

- A Transaction record
  - **▼** Updates balance in Investor Vendor
  - × Posts to ACH
- B Manual Adjustment record
  - **▼ Updates balance in Investor Vendor**
  - **▼** Does Not Post to ACH
- R Remittance record
  - **▼** Updates Balance in Investor Vendor
  - × Posts to ACH
- Blank defaults to R

## Manual Entry – Interest Descriptor

#### Interest Descriptor

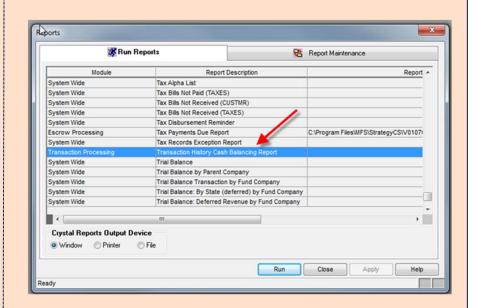
- 0 Investors Net Interest
- 1 Investor's Gross Interest
- 2 Servicer's portion of the interest
- 3 Servicer's late charge
- 4 Investor's late charge
- 5 Net Yield summary interest adjustment

### **Balancing**

- Custodial Statements MB432 (Dayend)
- Daily Investor Reports MB482 (Dayend)
- Cash Balancing Report
  - Dayend only if exceptions (funds remaining in Depository Cash)
  - On Demand from Reports menu for date range you select

## **Cash Balancing Report**

- Dayend report is exceptions only
- On Demand you choose the date range
- History is kept for 32 days



#### MB432HIL PATTY19C DATE: 10/02/18

Cash Balancing Report PAGE: 10

			Cabir bas	anding report			11121. 10
Loan #: 090086	200 Tran Date: 04/07/2017	Tran Amt:	38,502.38 PAYMENT REC'D				
			Bank Number/DDA N	umber			
Investor	Cash In/Depository	P&I Custodial 002 900-115	Escrow Custodial	Suspense Custodial	Corporate Cash 002 900-333	Misc Expense	Investor Net Difference
	38,502.38	37,804.18-	.00	.00	698.20-	.00	.00
					Trans	saction Net Difference:	.00
Loan #: 150075	110 Tran Date: 04/07/2017	Tran Amt:	120,902.78 PAYMENT REC'D				
			Bank Number/DDA N	mher			
Investo	Cash In/Depository	P&I Custodial	Escrow Custodial	Suspense Custodial	Corporate Cash	Misc Expense	Investor Net Difference
** 00100	002 100-111	002 100-115	002 100-225	busperise ouswards	002 100-333	THISC IMPOIDE	investor iver briterence
	120,402.78	115,711.81-		.00	2,690.97-	.00	.00
	·				•		
Reserves							
Investor		Reserves	Escrow Custodial	Disbursement	Corporate Cash		Investor Net Difference
** 00000	002 0-111 500.00	061 -100-75110 500.00-	.00	.00	.00		.00
	500.00	500.00-	.00	.00	.00		.00
					Trans	saction Net Difference:	.00
Loan #: 620037	901 Tran Date: 04/07/2017	Tran Amt:	57,540.57 PAYMENT REC'D				
		-1 -	Bank Number/DDA N		_		
Investor		P&I Custodial	Escrow Custodial	Suspense Custodial	Corporate Cash	Misc Expense	Investor Net Difference
** 00620	002 620-111 56,040.57	002 620-115 47,520.19-	002 620-225 5,000.00-	.00	002 620-333 3,520.38-	.00	.00
	50,040.57	47,520.19	5,000.00-	.00	3,520.38-	.00	.00
Reserves							
Investor	Cash In/Depository	Reserves	Escrow Custodial	Disbursement	Corporate Cash		Investor Net Difference
** 00000	002 0-111	061 -620-27901					
	1,500.00	1,500.00-	.00	.00	.00		.00
					mann e	saction Net Difference:	.00
					Trans	saction wet Difference:	.00

### **Cash Balancing Files**

- CACHDETC Cash balancing P&I work file
- CACHDETE Cash balancing escrow work file
- CACHDETEP Cash balancing escrow report file
- CACHDETEPH History File for CACHDETEP
- CACHDETP Cash balancing P&I report file
- CACHDETPH History File for CACHDETP

# **Bank Reconciliations**

IN THE FUTURE



Upload New Spreadsheet

#### **Bank Reconciliation - Balances Template**

	Column A	Column B	Column C	Column D	Column E
Row 1	Transaction Date	Bank ID	Account Number	Name	Closing Balance
Row 2	05/31/2017	002	1001-222	Disb Clear	0.0
Row 3	05/31/2017	002	200-222	Disb Clear	0.0
Row 4	Row 4 05/31/2017 0		300-222	Disb Clear	8,200.00
Row 5	05/31/2017	002	400-222	Disb Clear	11,550.55
Row 6	<b>√ Row 6</b> 05/31/2017		100-222	Disb Clear	0.0
Row 7	05/31/2017	002	1101-222	Disb Clear	0.0
Row 8	05/31/2017	002	500-222	Disb Clear	0.0
Row 9	05/31/2017	002	510-222	Disb Clear	0.0
<b>₹</b> Row 10	05/31/2017	002	520-222	Disb Clear	0.0
<b>₹</b> Row 11			610-222	Disb Clear	0.0
<b>₹</b> Row 12			620-222	Disb Clear	0.0
Dom 13	05/31/2017	002	700-222	Dich Clear	0.0

	BANK RECONCILIATION DATE	DDA ACCOUNT NUMBER	BANK BALANCE
Row 1			
Row 2	05/31/2017	1001-222	0.0
Row 3	05/31/2017	200-222	0.0
Row 4	05/31/2017	300-222	8,200.00
Row 5	05/31/2017	400-222	11,550.55
Row 6	05/31/2017	100-222	0.0
Row 7	05/31/2017	1101-222	0.0
Row 8	05/31/2017	500-222	0.0
Row 9	05/31/2017	510-222	0.0
Row 10	05/31/2017	520-222	0.0
Row 11	05/31/2017	610-222	0.0
Row 12	05/31/2017	620-222	0.0
D 40	05/01/0017	700 222	0.0

#### **Bank Reconciliation Search**

Required Only			
Status	7		
Bank		Account	
Bank Rec Date From		To	
Deconciliation Sear	ch		

quired 🔺	Bank Rec Date	Bank	Туре	Account	Description	Status	In Process	Reconciled Date	Reconciled By	Approved Date
	05/31/2017	006	PI/SUS	600-115	Inv 600 P&I Custodial					
	05/31/2017	006	PI/SUS	600-335	Inv 600 Suspense Custodial					
Υ	05/31/2017	002	DSBCLR	100-222	Inv 100 Disbursement Clearing	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	TI/RSV	100-225	Inv 100 Escrow Custodial	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	DSBCLR	1001-222	Inv 1001 Disbursement Clearing	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	TI/RSV	1001-225	Inv 1001 Escrow Custodial	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	DSBCLR	1101-222	Inv 1101 Disbursement Clearing	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	TI/RSV	1101-225	Inv 1101 Escrow Custodial	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	DSBCLR	200-222	Inv 200 Disbursement Clearing	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	TI/RSV	200-225	Inv 200 Escrow Custodial	PendRec				
Υ	05/31/2017	002	PI/SUS	300-115	Inv 300 P& I Custodial	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	DSBCLR	300-222	Inv 300 Disbursement Clearing	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	TI/RSV	300-225	Inv 300 Escrow Custodial	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	
Υ	05/31/2017	002	PI/SUS	300-335	Inv 300 Suspense Custodial	Reconciled	PNEWMAN	08/27/2018	PNEWMAN	

RWD BANKREC 19A SD: 06/01/2017 10/02/2018

#### Search » Reconciliation

#### **Bank Reconciliation**



Portfolio MFS Base R19 data

Investor Number 200

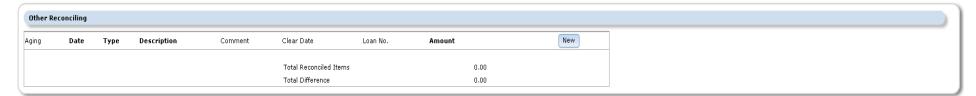
Bank Name Custodial Bank 002

Account Number 200-115

Account Name Inv 200 P&I Custodial

Account Type PI/SUS Bank Date 05/31/2017

Bank Balance 12,066,443.25 PI Deposit (Withdrawal) in Transit -12,066,443.25 Suspense Deposit (Withdrawal) in Transit 0.00 Total Deposit (Withdrawal) in Transit -12,066,443.25 Adjusted Bank Balance 0.00 Next Day Remittance In Transit 0.00 Service Fee Due Servicer 0.00 Suspense Balances 0.00





Welcome, PNEWMAN <u>Search</u> » Reconciliation Bank Reconciliation

#### **Bank Reconciliation**







Portfolio MFS Base R19 data

Investor Number 200

Custodial Bank 002 Bank Name

Account Number 200-335

Account Name Inv 200 Suspense Custodial

Account Type 05/31/2017 Bank Date

Bank Balance 67,106.44 PI Deposit (Withdrawal) in Transit 0.00

Suspense Deposit (Withdrawal) in Transit 0.00

Total Deposit (Withdrawal) in Transit 0.00

Adjusted Bank Balance 67,106.44

Next Day Remittance In Transit 0.00

0.00 Service Fee Due Servicer

Suspense Balances 67,106.44

#### Search » Reconciliation

#### **Bank Reconciliation**







Portfolio MFS Base R19 data

Investor Number 200

Bank Name Custodial Bank 002

Account Number 200-225

Account Name Inv 200 Escrow Custodial

Account Type TI/RSV Bank Date 05/31/2017

Balance per Bank

Bank Balance 5,042,329.91 Net in Transit - Deposit(Withdrawal) 103,708.50 Adjusted Bank Balance 5,146,038.41

Balance per Book

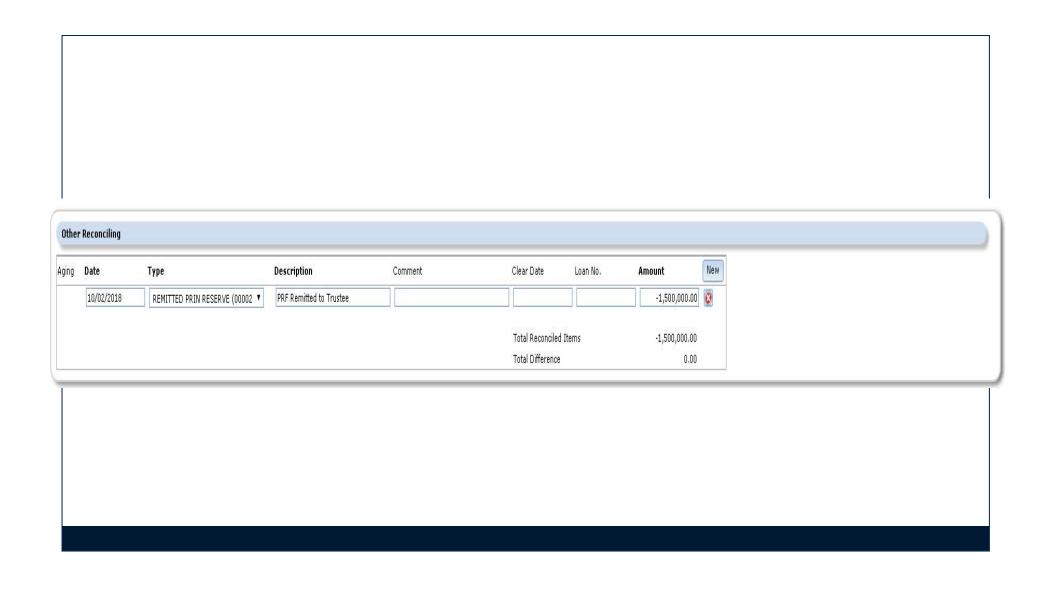
Reserve Total 0.00

Escrow Total 6,646,038.41

Investor 200 D2 Inv 200 Internal 6,646,038.41

#### Other Reconciling

Aging	Date	Туре	Description	Comment	Clear Date	Loan No.	Amount	New
					Total Reconciled Items		0.00	
					Total Difference		-1,500,000.00	



#### **Bank Reconciliation**







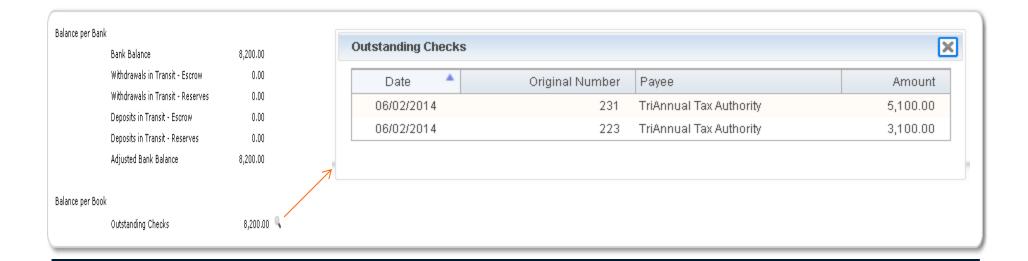
Portfolio MFS Base R19 data

N/A Investor Number

Bank Name Custodial Bank 002 Account Number 300-222

Account Name Inv 300 Disbursement Clearing

DSBCLR Account Type 05/31/2017 Bank Date



#### **Bank Reconciliation**







Portfolio MFS Base R19 data

Investor Number Various

Bank Name Reserve Accounts Account Number 79-79505-79555

Account Name reserve dda Ioan 750079555

Account Type TI/RSV Bank Date 05/31/2017

Balance per Bank

Bank Balance 57,203.64

Net in Transit - Deposit(Withdrawal) 0.00 Adjusted Bank Balance 57,203.64

Balance per Book

Reserve Total 57,203.64

Freddie K deal (CME) 1/CREFC 57,203.64 Investor 79505

Escrow Total 0.00

