

MAC Sub-Committee Minutes

Sub-Committee:	Reserve Enhancements	
Date/Time of Meeting:	October 21 & 22, 2019 – McCracken Customer Conference	
Committee Chair:	TJ Arrowsmith, NCB	
MAC Director:		
McCracken Representatives:	Joan Sittard	
*Notes Submitted by:	*Nancy Wilkes	
Attendees:	Name	Company
Various Conference Attendees		

Meeting Minutes:

TJ Arrowsmith of NCB started out the sessions by stating that there was already a BRD for Reserve Enhancements. Customers can locate the BRD on the Website under the Reserve Subcommittee. End of session discussed that these notes would be sent or posted and would be looking for participation to validate/modify the original BRD.

Documents and Meeting Minutes for the Reserve Committee can be viewed here.

(<https://www.mccrackenfs.com/support-center/mccracken-advisory-council/>)

Discussion – Cap & Floor on reserve balances: Raechel Koh from Wells Fargo stated it could be a minimum at the individual reserve level – controlled in transaction processing.

Data Elements Discussion:

Denice Dosh, Columbia Management states they have simple reserve terms so doesn't want to have required fields they don't need. Led to discussion about could reserve type drive required fields.

Terry Clay, Hudson Advisors: storing terms/requirements needed for a reserve disbursement to be allowed. (not just special – maybe a check box). This moved to next discussion about approving and processing reserve disbursements

TJ Arrowsmith, NCB, suggested using process for approving reserves & possibility to disburse the transaction from the process. Could even need to tie in investor rules, rules by reserve type

Blake Rudolph, PGIM, stated they would want to review by the rate cap

Terry Clay stated they use process but doesn't like to go to two places – wanted to approve and process the transaction at the same time

TJ - could have documents attached for reserves as backup that they received what was required for the disbursements

Discussed need to store history of the approval for reserve disbarments

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Terry Clay – wants flexibility with uploading reserve disbursement package and storing it

General discussion with all: Is a form needed? – Could the borrower fill out their own request and could it be tied to Borrower Inquiry or could that part of BI be used for borrowers to initiate the reserve disbursement request?

Discussed source of funds:

Currently it is a free form type – they need pre-defined types.

TJ – letter of credit Reserve types could link back to the Letter of Credit Strategy file – discussion with others – referring to Other Collateral file

Sometimes they use a CD for reserves – could they use the other collateral file

Reporting:

TJ stated a specific format is needed for investors

Interest on Reserves:

Wells Fargo has a need to withhold IOR but they don't have full requirements for what percentages

Jennifer Shelton from Trimont described a certain scenario they have - Reserves for certain holdbacks – interest on reserves to be calculated on multi reserves but they only want to credit one of the reserves with the total interest for all reserves. No one else had that scenario

Wells Fargo discussed that they have the need to remit IOR

Fees for reserves – TJ asked if this was needed (no other notes on this)

Follow-Up

Customers:

McCracken: McCracken will make the BRD and meeting minutes available on the MAC page of the website as noted above.