2019 McCracken Customer Conference

MAC Subcommittee - Reserves

McCRACKEN
FINANCIAL SOLUTIONS CORP.

Goals

- Determine what is needed to better Monitor and Track Reserves
  - Additional Data Elements
  - Additional Reserve Transactions
  - Projections
  - Daily Interest on Reserve Calculation
  - 1099 Backup Withholding
  - Letters
  - Reporting
  - Move to Portal

  Note: Construction Budget items covered under Portal Committee

REQUIREMENTS

Data Elements Needed

- Reserve Start Date
- Reserve Stop Date
- # of Payments
- Reserve Minimum Amount
- Reserve Minimum Rate
- Reserve Cap Amount
- Reserve Cap Balance
- Reserve Cap Expiration Date
- Reserve Minimum Expiration Date
- Reserve Increase/Decrease Amount
- Reserve Minimum Balance

- Balance Used to Calculate
- Original Reserve Balance
- Automate Payment Calculation
- Reserve Held Off Site
- 1099 Required
- Form Letter Required
- Letter Generated
- Special Instructions
- Description
- Type of Funds
- OTHERS?????……

Billing - Automatically Start or Stop Reserve Constant from Billing

- Provide option to automatically start/stop reserve constant from being collected
    - Reserve minimum values have been met for amounts or rates
    - Reserve cap values have been met for amounts or rates
    - Date option when to start / stop (optional)
- If automate payment calculation =Y system will need to validate whether or not a payment change is required and appropriately change the receivable record
- Provide manual override option

Balance To Use

- Where to use Balance
  - Calculation of Interest
- Balances
  - Current Reserve Balance
  - Current Principal Balance
  - Original Reserve Balance*

Disbursements

- Allow all vendor types to be selected
  - Eliminates duplicating vendors in Misc. Vendors
- Payoff/Refinance
  - Disbursement vs. transfer of funds
    - Transfer of funds to "new" loan
    - ACH to move funds to new DDA / GL

Reserve Projections

- Projection with next payment due date
  - Will the cap be reached with a full or partial payment
  - Will the balance be above or below the limit
- Provide a day end report
  - # months ahead (System Control option)
  - Will the amount be satisfied on the next payment due date
- Provide a loan alert when rule is triggered
- Create a Process when rule is triggered

Future Reserve Payment Collections

- Calculate and store monthly reserve payment collections for future changes
  - Reserve Increase/Decrease
    - $ Amount Increase or Decrease
    - % Amount Increase or Decrease
  - Reserve calculations based on Current Reserve Balance, Current Principal Balance or Original Reserve Balance

Multiple Records for Reserve Collections

- Start Date

- Stop Date

- Amount

- # of Payments to be collected
  - Payment Grid to check off applicable months

Interest on Reserves

- Calculate and post interest on reserves daily
  - Daily interest rate table
  - Tier Rates
  - Reserve type
  - Reserve Balance
  - Daily Rate
  - Interest Basis Code
  - Backdate Rates
- Historical File
- Allow for daily, monthly, quarterly, annual or semi annual frequencies
  - Interest Calculation
  - Disbursement of Interest
- Override capabilities at the reserve record level
- Allow posting on Paid off Loans (Job 9950)

Posting Interest on Reserves

- Bulk processing
  - DayEnd / Month End
- Upload Excel Spreadsheet

1099 Backup Withholding

- Include Backup Withholding associated with Reserves
  - Allow Backup Withholding Y/N
    - At Reserve Sequence vs All Reserves (System Control)
  - Separate Transaction Code for W/H processing
    - Transaction Description Identifies Reserve vs T&I
    - Transaction Code for Correction via Manual entry
  - Allow IRS reporting of W/H even if Interest is less than IRS limit

Rules

- Monitor for payment changes and trigger a process to send a notification to borrower

- What other rules are needed?

Letters

- System to generate an automatic letter when caps or minimums have been reached
  - Per Reserve vs all Reserves
- Manual letters
  - Per Reserve vs all Reserves
- Ability to send to related parties
  - Document Distribution
  - Selection at time of letter generation

All reserves letters should be 1 letter with table showing reserve details

Reports

- Reserve History Statements
  - One reserve vs all
    - Selection of Reserve sequences
    - Selection of Active vs All
    - Selection by Balance
    - Selection by Reserve type(s)
  - Year End vs Ad Hoc
  - Average Balance

General Ledger / Posting

- Report to G/L for balance sheet loans
- Identify reserve type
  - G/L Account
  - DDA Account
- System Deposit Clearing vs Investor Deposit Clearing (Job 16237)

Anything Else?

Questions or additional needs?