



Use Cases

SOFR Use Cases Processing Daily Simple SOFR and SOFR Term Rate Loans



Compatible Releases:

The contents of this document is intended for the use of our customers only and is not intended for distribution to those individuals who do not have a need to know to do their job.

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Contents

	Page in Doc
Use Case – Daily Simple SOFR with Margin	5
Use Case – Daily Simple SOFR with Margin – Curtailment Posted	13
Use Case – Daily Simple SOFR with Margin & Spread Adjustment	20
Use Case – SOFR Compounded in Advance 30 day Term Rate – Monthly Reviewable with Margin	28
Use Case – SOFR Compounded in Advance 30 day Term Rate – Monthly Reviewable with Margin and Spread Adjustment	36
Use Case – Daily Simple SOFR with Margin – Independent Accrual	44
Use Case – Daily Simple SOFR with Margin & Spread Adjustment – Independent Accrual	50

Use Case - Daily Reviewable Loan using Daily Simple SOFR Index with Margin

Processing Adjustable Rate loans using a published rate is standard processing for Strategy. The ARRC and FRBNY are recommending the SOFR index be used as a replacement index for LIBOR. Whether you anticipate using the Forward Looking or Compounding in Advance term indices to be published based on the Secured Overnight Finance Rate, the processing of these loans is no different than when using a LIBOR index today. When working with Strategy you will maintain the Index value in the system, entering it daily for Daily Simple Interest, monthly for 30 day Term Rates, a quarterly for 90 day terms, and so on. When determining a new interest rate for the loan, on the review date Strategy will retrieve the Index value on the loan, reference any margins, ceilings and floors, rate change caps, etc. defined in the system and calculate a new rate.

This scenario tests the accrual of interest in arrears on a daily reviewable, interest only loan referencing the Daily Simple SOFR Rate.

The loan was set up and the library cycled through a month of processing to build the receivable for the next month. Index Values were updated during the processing for the month.

This Use Case considers a loan with the following characteristics:

Loan Balance:	\$10,000,000.00
Loan Uses A66 - Interest Basis (Actual/365)	A66 - Interest Basis (Actual/365)
Loan is Interest Only (I), and Accrues To the Due Interest Only	
Payments are due on the first	
Index: (Daily Simple Interest SOFR)	4.00% 12/1/2018 first day - of month
Margin:	0.50%
Spread Adjustment:	N/A
Daily Reviewable Loan	
Review Frequency	1 (Every day)
No Lookback	
No Business Calendar	
Floor%:	3.50%
Ceiling%:	6.00%
Loan cycled through the month of December	

Index Values used in this scenario are as follows:

Adjustable Loan Index Rates

Index Description: S3 SOFR DAILY

Base Index Low %: .50000000000000

Base Index High %: 15.0000000000000

Effective Date	Index Rate%
12/26/2018	3.25000000000000
12/22/2018	3.00000000000000
12/19/2018	2.87500000000000
12/14/2018	3.12500000000000
12/11/2018	3.25000000000000
12/07/2018	3.50000000000000
12/05/2018	3.62500000000000
12/03/2018	3.75000000000000
12/01/2018	4.00000000000000

Note: To speed the testing, all index values for the test period were entered prior to running the day ends to cycle the library forward.

Loan Adminnistration>Master Info>Payment/Billing - Contract Type (ARM (A)); Payment Type (Int Only (I))

File Edit Tools Additional Window Help

Customer Info | **Master Info** | Pending Change Master/LIP | Deferred Revenue & Expenses | Holdbacks | Analysis & Reporting Info

<ul style="list-style-type: none"> <input type="checkbox"/> Payment/Billing <input type="checkbox"/> Balances/Processing <input type="checkbox"/> Contract <input type="checkbox"/> Esc/LateChg/Default <input type="checkbox"/> D.I.A.L. <input type="checkbox"/> Reporting <input type="checkbox"/> Tiered Service Fee <input type="checkbox"/> Period to Date(1) <input type="checkbox"/> Period to Date(2) <input type="checkbox"/> Commercial/Balloon <input type="checkbox"/> Interest Reserve <input type="checkbox"/> Valuation Analysis <input type="checkbox"/> Prepayment Premiums <input type="checkbox"/> Fee Information 	Payment Information Payment Frequency Indicator: MONTHLY (M) Bill/Payment Frequency: 1 Payment Type: INT ONLY (I) Contract Type: ARM (A) Business Calendar: MFS BUSINE (001) Use Business Cal for Due Date: Business Calendar Options: Accrual/Due Date Options: TO DUE (1) Accrual Follows Bus Cal Due Date: Next Pmt Due Date w/o Bus Cal: 01/01/2019 Next Payment Due Date: 1/1/2019 Due Date for Delinquency: 01/01/2019 % of Principal (Pmt Type R): Simple Interest: NO (N)	Loan in Process: NO (N) Interest Rate%: 4.500000000000 Expanded Interest Rate%: Annual Percentage Rate%: 4.500000000000 Neg Amortization% Allowed: .00 Deposit Account#: Subsidy: N Mod Pmt Sched on File: NO (N) Pmt App String: STANDARD (V99) Allow Partial Payments: NO (N) Principal & Interest Pmt: .00 Escrow 1 Payment: .00 Escrow 2 Payment: .00 Escrow 3 Payment: .00 Escrow 4 Payment: .00 Escrow 5 Payment: .00
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STRATEGY CS - [Loan Administration => 080033001 [USD] - Armstrong]

File Edit Tools Additional Window Help

Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing
Balances/Processing
Contract
Esc/LateChg/Default
D.I.A.L.
Reporting
Tiered Service Fee
Period to Date(1)
Period to Date(2)
Commercial/Balloon
Interest Reserve
Valuation Analysis
Prepayment Premiums
Fee Information

Balance Information

Date of Last Transaction:	12/13/2018	Escrow 5 Balance:	.00
Current Principal Balance:	10,000,000.00	Suspense Escrow Balance:	.00
Escrow 1 Balance:	.00	Negative Amort Balance:	.00
Escrow 2 Balance:	.00	Late Charge Due:	.00
Escrow 3 Balance:	.00		
Escrow 4 Balance:	.00		

Processing Information

Hold Code #1:		Payment Status:	NO PMT DUE (90)
Hold Code #2:		Loan Status #1:	
Hold Code #3:		Loan Status #2:	
G/L Company:	MFS ARMS (08)	Lockbox Location Code:	0
Wrap Code:		Lockbox Status:	
Payoff Date:	00/00/0000	G/L Matrix:	MFS ONE (MFS ONE)
		Active Status:	(Y) YES

Loan Administration>Master Info>Balances/Processing - Current Principal Balance (\$10,000,000.00); Active Status ((Y) Yes)

File Edit Tools Additional Window Help

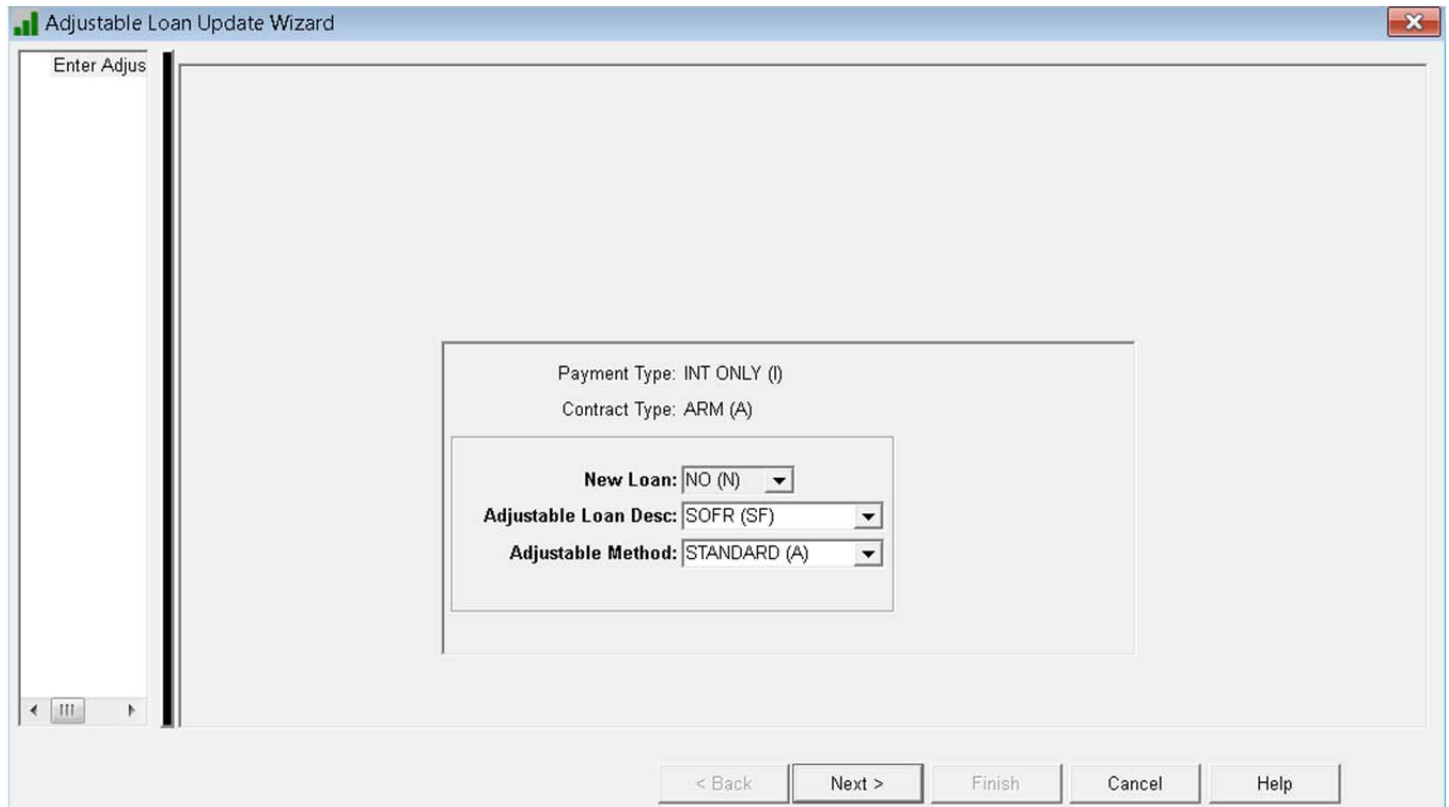
Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing
Balances/Processing
Contract
Esc/LateChg/Default
D.I.A.L.
Reporting
Tiered Service Fee
Period to Date(1)
Period to Date(2)
Commercial/Balloon
Interest Reserve
Valuation Analysis
Prepayment Premiums
Fee Information

Contract Information

Orig Prin Bal or LOC:	10,000,000.00	Original Loan to Value Ratio %:	.00
First Payment Due Date:	01/01/2019	Original Loan Date:	12/01/2018
Original Base Date:	01/01/2019	Loan Renewal Date:	00/00/0000
Term of Loan (Yrs/Mos):	30/00	Interest Basis:	365/ACT LY (A66)
Legal Maturity Date:	01/01/2049	Origination Points:	.00
Internal Maturity Date:	00/00/0000	Disable Auto Chg of Accounting Basis:	NO (N)
Contract Type:	ARM	# of Days to Stop Accrual:	90
Loan in Process:	NO (N)	Accounting Basis Method:	ACCRUAL (A)
Interest Rate %:	4.500000000000	Holdback:	
Annual Percentage Rate %:	4.500000000000		
Balloon:	YES (Y)		
Odd Days Interest Method:	Not Applicable		

Loan Administration>Master Info>Contract - Interest Basis Code

A screenshot of a software window titled "Adjustable Loan Update Wizard". The window has a standard Windows-style title bar with a close button (X) in the top right corner. On the left side, there is a vertical pane with the text "Enter Adjust" and a set of navigation arrows at the bottom. The main area of the window is light gray and contains a smaller, centered white box. This box contains the following text and controls: "Payment Type: INT ONLY (I)", "Contract Type: ARM (A)", "New Loan: NO (N) [dropdown arrow]", "Adjustable Loan Desc: SOFR (SF) [dropdown arrow]", and "Adjustable Method: STANDARD (A) [dropdown arrow]". At the bottom of the main window, there is a row of five buttons: "< Back", "Next >", "Finish", "Cancel", and "Help".

Adjustable Module>Adjustable Loan Info>Update Info - Adjustable Loan Description (Your definition of Daily Reviewable, SOFR Loan with Floor), Adjustable Method (Standard (A)).

Use Case for Daily Reviewable SOFR Daily Simple Interest Overview

Adjustable Loan Update Wizard

Enter Adjust Loan Info

Adjustable Loan Information

New Loan: NO (N)
 Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
 Adjustable Method: STANDARD (A) Contract Type: ARM (A)

Rate Information

Monthly or Daily Review: (D) DAILY
 Rate Change Frequency: 1
 Look Back Method: (N) N/A
 Look Back Days For Rate Reviews:
 Business Calendar:
 Use Business Calendar: Review Date: NO (N)
 Rate Review Date: 12/01/2018
 Use Business Calendar: Change Date: NO (N)
 Business Calendar Options:
 Rate Change Date: 12/01/2018
 Rate Chg Anniversary Date: 12/01/2018
 Original Index %: .000000000000

New Interest Rate %: 4.500000000000
 Previous Interest Rate %: .000000000000
 New Rate Without Caps %:
 Index Description: SOFR DAILY (S3)
 New Index %: 4.000000000000
 Previous Index %: .000000000000
 # of Rate Reviews to Date: 31
 Maximum # Of Rate Reviews:
 Option Date: 00/00/0000
 Previous Review Date: 00/00/0000

P&I Payment Information

P&I Chg Freq: P&I Re-Amort Date: # of Payment Reviews to Date:
 P&I Change Date: New P&I Payment: Rate Sched For P&I Pmt: NO (N)
 P&I Re-Amort Freq: Prev P&I Payment: P&I Amortization "To" Date:

Notice Information

Print Notice: NO (N) Notice Days From Review: Print Notice Date:

Adjustable Loan Module>>Adjustable Loan Info>Update Info>Loan Info - Monthly or Daily Review ((D) Daily),
 Rate Change Frequency (1), Look Back Method ((N) N/A), Index Description (Your Daily Simple SOFR Index)

Adjustable Loan Update Wizard

Enter Adjust
Loan Info
Constants &

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) **Payment Type:** INT ONLY (I)
Adjustable Method: STANDARD (A) **Contract Type:** ARM (A)

Rate Information

Interest Rate Margin %: .50000000000000
Rate Rounding Method:
Rate Rounding Factor %:
Original Interest Rate %: 4.50000000000000
Index Rounding Method:
Index Rounding Factor %:
Rate Floor & Ceiling Exp Date: 00/00/0000
Interest Rate Floor %: 3.50000000000000
Interest Rate Ceiling %: 6.00000000000000

Rate Review Increase Cap %: .00000000000000
Rate Review Decrease Cap %: .00000000000000
Minimum Rate Adj Allowed %: .00000000000000
Starting Rate for This Period %:
Period Rate Cap %:
Math Operator #1:
Margin #1 %:
Math Operator #2:
Margin #2 %:
Status:

P&I Payment Information

P&I Payment Method:
P&I Payment Cap Expiration Date:
P&I Increase Cap %:
P&I Decrease Cap %:
Minimum Pmt Adj Allowed:
Round P&I Payment:
P&I Increase Cap Amount:
P&I Decrease Cap Amount:
Master File Interest Basis: 365/ACT LY (A66)
Interest Basis for P&I Calc:

Adjustable Module>Adjustable Loan Info>(Right Mouse)>Update Info>Loan Info>(NEXT)>Constants and
Constraints - Margin% (Enter Margin using), Floor (Enter Rate Floor Using).

A	B	C	D	E	F	G	H	I
Interest Basis A66 Simple SOFR Daily Floor 3.5% Margin .50%	Date	#days	Balance	Index	Margin	Basis	Interest Rate (E+F)	Calculated Interest ((D*H)*C)/G
First Cycle with rate changes	12/1/2018	1	10,000,000.00	4.00000%	0.50000%	365	4.5000%	1,232.88
	12/2/2018	1	10,000,000.00	4.00000%	0.50000%	365	4.5000%	1,232.88
Rate Change	12/3/2018	1	10,000,000.00	3.75000%	0.50000%	365	4.2500%	1,164.38
	12/4/2018	1	10,000,000.00	3.75000%	0.50000%	365	4.2500%	1,164.38
Rate Change	12/5/2018	1	10,000,000.00	3.62500%	0.50000%	365	4.1250%	1,130.14
	12/6/2018	1	10,000,000.00	3.62500%	0.50000%	365	4.1250%	1,130.14
Rate Change	12/7/2018	1	10,000,000.00	3.50000%	0.50000%	365	4.0000%	1,095.89
	12/8/2018	1	10,000,000.00	3.50000%	0.50000%	365	4.0000%	1,095.89
	12/9/2018	1	10,000,000.00	3.50000%	0.50000%	365	4.0000%	1,095.89
	12/10/2018	1	10,000,000.00	3.50000%	0.50000%	365	4.0000%	1,095.89
Rate Change	12/11/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
	12/12/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
	12/13/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
Rate Change	12/14/2018	1	10,000,000.00	3.12500%	0.50000%	365	3.6250%	993.15
	12/15/2018	1	10,000,000.00	3.12500%	0.50000%	365	3.6250%	993.15
	12/16/2018	1	10,000,000.00	3.12500%	0.50000%	365	3.6250%	993.15
	12/17/2018	1	10,000,000.00	3.12500%	0.50000%	365	3.6250%	993.15
	12/18/2018	1	10,000,000.00	3.12500%	0.50000%	365	3.6250%	993.15
Rate Change - Floor Reached	12/19/2018	1	10,000,000.00	2.87500%	0.50000%	365	3.5000%	958.90
Floor Reached	12/20/2018	1	10,000,000.00	2.87500%	0.50000%	365	3.5000%	958.90
Floor Reached	12/21/2018	1	10,000,000.00	2.87500%	0.50000%	365	3.5000%	958.90
Rate Change	12/22/2018	1	10,000,000.00	3.00000%	0.50000%	365	3.5000%	958.90
	12/23/2018	1	10,000,000.00	3.00000%	0.50000%	365	3.5000%	958.90
	12/24/2018	1	10,000,000.00	3.00000%	0.50000%	365	3.5000%	958.90
	12/25/2018	1	10,000,000.00	3.00000%	0.50000%	365	3.5000%	958.90
Rate Change	12/26/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
	12/27/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
	12/28/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
	12/29/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
	12/30/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
	12/31/2018	1	10,000,000.00	3.25000%	0.50000%	365	3.7500%	1,027.40
1/1/19 receivable								32,363.01



Rate Changes will be visible in the Adjustable Rate Module>Adjustable Review History Tab>

Rates in column H of the spreadsheet should equal New Int Rate% shown on the Adjustable Rate History grid for the dates that the rate changed.

(Note that the radio button at the top of the Adjustable Rate History tab defaults to only show rate reviews that resulted in a rate change.)

STRATEGY CS - [Adjustable Loan => 080033001 [USD] - Armstrong]

File Edit Tools Additional Window Help

Adjustable Loan Information **Adjustable Review History** Pending Adjustable Loan Changes

☒ Only Display Review History with a Rate or P&I Change
☐ Display All Review History

Type of Review	Rate Change Date	Review Date	New Int Rate %	Prev Int Rate %	New Index %	Prev Index %	P&I Change Date	New P&I Rate %	Mstr Rate Updated	Mstr P&I Pmt Updated
Rate	12/03/2018	12/03/2018	4.25000000000000	4.50000000000000	3.75000000000000	4.00000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/05/2018	12/05/2018	4.12500000000000	4.25000000000000	3.62500000000000	3.75000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/07/2018	12/07/2018	4.00000000000000	4.12500000000000	3.50000000000000	3.62500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/11/2018	12/11/2018	3.75000000000000	4.00000000000000	3.25000000000000	3.50000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/14/2018	12/14/2018	3.62500000000000	3.75000000000000	3.12500000000000	3.25000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/19/2018	12/19/2018	3.50000000000000	3.62500000000000	2.87500000000000	3.12500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/26/2018	12/26/2018	3.75000000000000	3.50000000000000	3.25000000000000	3.00000000000000	00/00/0000	.00000000000000	YES	NO

Adjustable Rate Module>Adjustable Review History Tab>

Total of all interest calculations for the month in column I above should equal the Interest Receivable for the first of the next month.

File Edit Tools Additional Window Help

Accrual **Receivables** Interest Adjustment Balances & Rates Subsidy Modified Payment Schedule Default Interest

Legal Maturity Date: 01/01/2049

Billing Date	Amount Due	Amount Credited	Amount Remaining	L/C Assessed
01/01/2019	32,363.01	.00	32,363.01	N

Billing Module>Receivables Tab (Most recent receivable is on top)

Use Case - Daily Reviewable Loan using Daily Simple SOFR Index

Curtailment Posted During Month

Processing Adjustable Rate loans using a published rate is standard processing for Strategy. The ARRC and FRBNY are recommending the SOFR index be used as a replacement index for LIBOR. Whether you anticipate using the Forward Looking or Compounding in Advance term indices to be published based on the Secured Overnight Finance Rate, the processing of these loans is no different than when using a LIBOR index today.

When working with Strategy you will maintain the Index value in the system, entering it daily for Daily Simple Interest, monthly for 30 day Term Rates, a quarterly for 90 day terms, and so on. When determining a new interest rate for the loan, on the review date Strategy will retrieve the Index value on the loan, reference any margins, ceilings and floors, rate change caps, etc. defined in the system and calculate a new rate.

This scenario tests the accrual of interest in arrears on a daily reviewable, interest only loan referencing the Daily Simple SOFR Rate. A curtailment is processed on the 8th of the month.

The loan was set up and the library cycled through a month of processing to build the receivable for the next month. Index Values were updated during the processing for the month.

This Use Case considers a loan with the following characteristics:

Loan Balance: \$10,000,000.00
Loan Uses B66 Accrual Actual/360
Loan is Interest Only (I), and Accrues To the Due Date. Interest Only
Accrual/Due Date Options - Independent Accrual - 1-31st/ Payments Due on the 5th.

Index: (Daily Simple Interest SOFR) 3.75% 12/1/2018 first day of scenario - first review date
Margin: 1.50%
Spread Adjustment:
Daily Reviewable Loan
Review Frequency 1 (Every day)
No Lookback
No Business Calendar
Floor%:
Ceiling%:
Loan cycled through the month of December
Curtailment processed on 12/8 for \$200,000.00

Adjustable Loan Rates

Index Description: S3 SOFR DAILY

Base Index Low %: .500000000000000 Base Index High %: 15.0000000000000

Effective Date	Index Rate%
12/28/2018	3.62500000000000
12/26/2018	3.75000000000000
12/20/2018	3.87500000000000
12/17/2018	3.32500000000000
12/12/2018	3.47500000000000
12/10/2018	3.50000000000000
12/06/2018	3.62500000000000
12/01/2018	3.75000000000000

Adjustable Loan Module>Tools>Indexes>Select Index for Daily Simple SOFR>Right Click>Index Rates

File Edit Tools Additional Window Help

Customer Info | **Master Info** | Pending Change Master/LIP | Deferred Revenue & Expenses | Holdbacks | Analysis & Reporting Info

Payment Information

Payment Frequency Indicator:	MONTHLY (M)	Loan In Process:	NO (N)
Bill/Payment Frequency:	1	Interest Rate%	5.250000000000
Payment Type:	INT ONLY (I)	Expanded Interest Rate%	00000000000000000000000000000000
Contract Type:	ARM (A)	Annual Percentage Rate%	5.250000000000
Business Calendar:	MFS BUSINE (001)	Neg Amortization% Allowed:	.00
Use Business Cal for Due Date:		Deposit Account#	
Business Calendar Options:		Subsidy:	N
Accrual/Due Date Options:	TO DUE (1)	Mod Pmt Sched on File:	NO (N)
Accrual Follows Bus Cal Due Date:		Pmt App Strng:	LIKE STRAT (Y86)
Next Pmt Due Date w/o Bus Cal:	01/01/2019	Allow Partial Payments:	YES (Y)
Next Payment Due Date:	01/01/2019	Principal & Interest Pmt:	.00
Due Date for Delinquency:	01/01/2019	Escrow 1 Payment:	.00
% of Principal (Pmt Type R):	.0000000000000000	Escrow 2 Payment:	.00
Simple Interest:	NO (N)	Escrow 3 Payment:	.00
		Escrow 4 Payment:	.00
		Escrow 5 Payment:	.00

File

Edit

Tools

Additional

Window

Help

Customer Info

Master Info

Pending Change MasterLIP

Deferred Revenue & Expenses

Holdbacks

Analysis & Reporting Info

Payment/Billing

Balance/Processing

Contract

Esc/LateChg/Default

D.I.A.L.

Reporting

Tiered Service Fee

Period to Date(1)

Period to Date(2)

Commercial/Balloon

Interest Reserve

Valuation Analysis

Prepayment Premiums

Fee Information

Balance Information

Date of Last Transaction:

12/08/2018

Escrow 5 Balance:

0.00

Current Principal Balance:

1,700,000.00

Suspense Escrow Balance:

0.00

Escrow 1 Balance:

0.00

Negative Amort Balance:

0.00

Escrow 2 Balance:

0.00

Late Charge Due:

0.00

Escrow 3 Balance:

0.00

Escrow 4 Balance:

0.00

Processing Information

Hold Code #1:

Payment Status:

30-60 DAYS (32)

Hold Code #2:

Loan Status #1:

Hold Code #3:

Loan Status #2:

GL Company:

DEMO LOANS (92)

Lockbox Location Code:

0

Wrap Code:

Lockbox Status:

Payoff Date:

00/00/0000

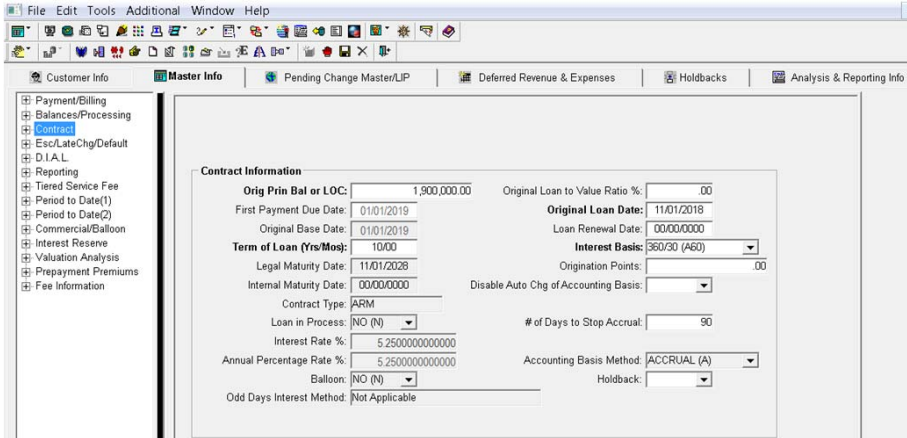
GL Matrix:

MFS ONE (MFS ONE)

Active Status:

(Y) YES

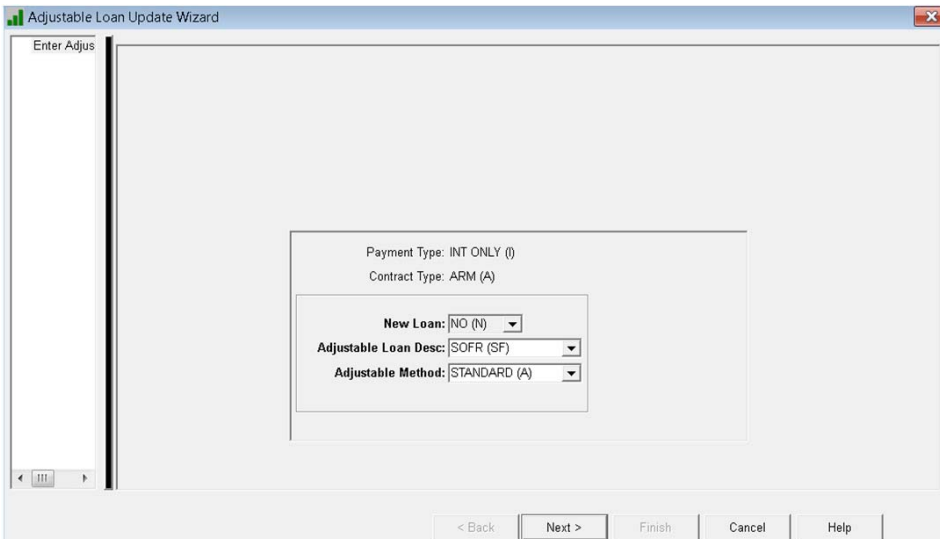
2



Contract Information

Orig Prin Bal or LOC:	1,900,000.00	Original Loan to Value Ratio %:	.00
First Payment Due Date:	01/01/2019	Original Loan Date:	11/01/2018
Original Base Date:	01/01/2019	Loan Renewal Date:	00/00/0000
Term of Loan (Yrs/Mos):	10/00	Interest Basis:	360/30 (A60)
Legal Maturity Date:	11/01/2028	Origination Points:	.00
Internal Maturity Date:	00/00/0000	Disable Auto Chg of Accounting Basis:	
Contract Type:	ARM	# of Days to Stop Accrual:	90
Loan in Process:	NO (N)	Accounting Basis Method:	ACCRUAL (A)
Interest Rate %:	5.25000000000000	Holdback:	
Annual Percentage Rate %:	5.25000000000000		
Balloon:	NO (N)		
Odd Days Interest Method:	Not Applicable		

Loan Administration>Master Info>Contract - Interest Basis Code



Adjustable Loan Update Wizard

Enter Adjust

Payment Type: INT ONLY (I)
Contract Type: ARM (A)

New Loan: NO (N)

Adjustable Loan Desc: SOFR (SF)

Adjustable Method: STANDARD (A)

< Back Next > Finish Cancel Help

Adjustable Module>Adjustable Loan Info>Update Info - Adjustable Loan Description (Your definition of Daily Reviewable, SOFR Loan with Floor), Adjustable Method (Standard (A)).

Adjustable Loan Update Wizard

Enter Adjust Loan Info

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
Adjustable Method: STANDARD (A) Contract Type: ARM (A)

Rate Information

Monthly or Daily Review: (D) DAILY
Rate Change Frequency: 1
Look Back Method: (N) N/A
New Interest Rate %: 5.25000000000000
Previous Interest Rate %: .00000000000000
New Rate Without Caps %:
Index Description: SOFR DAILY (S3)
New Index %: 3.75000000000000
Previous Index %: .00000000000000
of Rate Reviews to Date: 31
Maximum # Of Rate Reviews:
Option Date: 00/00/0000
Previous Review Date: 00/00/0000
Look Back Days For Rate Reviews:
Business Calendar:
Use Business Calendar: Review Date: NO (N)
Rate Review Date: 12/01/2018
Use Business Calendar: Change Date: NO (N)
Business Calendar Options:
Rate Change Date: 12/01/2018
Rate Chg Anniversary Date: 12/01/2018
Original Index %: .00000000000000

P&I Payment Information

P&I Chg Freq: P&I Re-Amort Date: # of Payment Reviews to Date:
P&I Change Date: New P&I Payment: Rate Sched For P&I Pmt: NO (N)
P&I Re-Amort Freq: Prev P&I Payment: P&I Amortization "To" Date:

Notice Information

Print Notice: NO (N) Notice Days From Review: Print Notice Date:

Adjustable Loan Module>>Adjustable Loan Info>Update Info>Loan Info - Monthly or Daily Review ((D) Daily), Rate Change Frequency (1), Look Back Method ((N) N/A), Index Description (Your Daily Simple SOFR Index)

Adjustable Loan Update Wizard

Enter Adjust Loan Info Constants

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
Adjustable Method: STANDARD (A) Contract Type: ARM (A)

Rate Information

Interest Rate Margin %: 1.50000000000000
Rate Rounding Method:
Rate Rounding Factor %:
Original Interest Rate %: .00000000000000
Index Rounding Method:
Index Rounding Factor %:
Rate Floor & Ceiling Exp Date:
Interest Rate Floor %: .00000000000000
Interest Rate Ceiling %: .00000000000000
Rate Review Increase Cap %: .00000000000000
Rate Review Decrease Cap %: .00000000000000
Minimum Rate Adj Allowed %: .00000000000000
Starting Rate for This Period %:
Period Rate Cap %:
Math Operator #1:
Margin #1 %:
Math Operator #2:
Margin #2 %:
Status:

P&I Payment Information

P&I Payment Method: Round P&I Payment:
P&I Payment Cap Expiration Date: P&I Increase Cap Amount:
P&I Increase Cap %: P&I Decrease Cap Amount:
P&I Decrease Cap %: Master File Interest Basis: 360/30 (A60)
Minimum Pmt Adj Allowed: Interest Basis for P&I Calc:

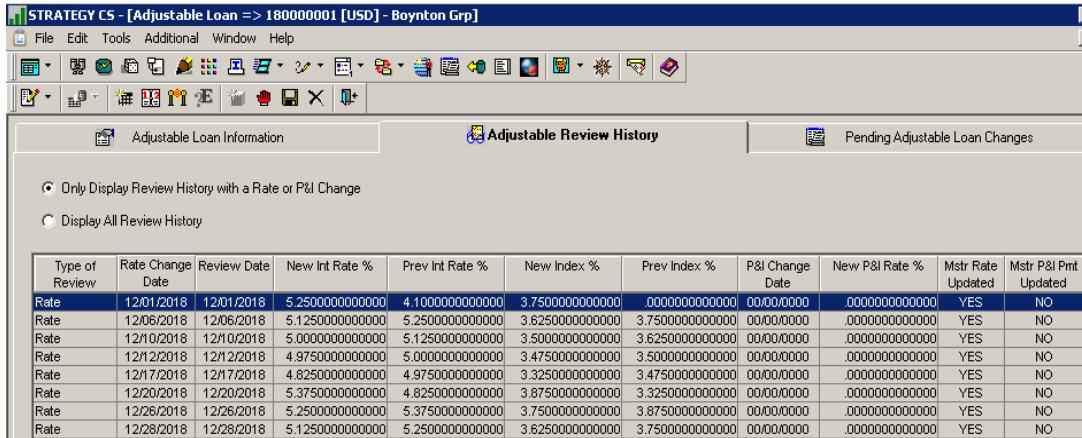
Adjustable Module>Adjustable Loan Info>(Right Mouse)>Update Info>Loan Info>(NEXT)>Constants and Contraints - Margin% (Enter Margin using)

A	B	C	D	E	F	G	H	I
Loan Amount \$1,900,000.00 Interest Basis A60 Simple SOFR Daily Margin 1.50% Curtailment Posted 12/8/2020								
	Date	#days	Balance	Index	Margin	Basis	Interest Rate E + F	Calculated Interest ((D*H)*C)/360
First Cycle with rate changes	Saturday, December 01, 2018	1	1,900,000.00	3.75000%	1.50000%	360	5.2500%	277.08
	Sunday, December 02, 2018	1	1,900,000.00	3.75000%	1.50000%	360	5.2500%	277.08
	Monday, December 03, 2018	1	1,900,000.00	3.75000%	1.50000%	360	5.2500%	277.08
	Tuesday, December 04, 2018	1	1,900,000.00	3.75000%	1.50000%	360	5.2500%	277.08
	Wednesday, December 05, 2018	1	1,900,000.00	3.75000%	1.50000%	360	5.2500%	277.08
Rate Change	Thursday, December 06, 2018	1	1,900,000.00	3.62500%	1.50000%	360	5.1250%	270.49
	Friday, December 07, 2018	1	1,900,000.00	3.62500%	1.50000%	360	5.1250%	270.49
\$200,000 Curtailment	Saturday, December 08, 2018	1	1,700,000.00	3.62500%	1.50000%	360	5.1250%	242.01
	Sunday, December 09, 2018	1	1,700,000.00	3.62500%	1.50000%	360	5.1250%	242.01
Rate Change	Monday, December 10, 2018	1	1,700,000.00	3.50000%	1.50000%	360	5.0000%	236.11
	Tuesday, December 11, 2018	1	1,700,000.00	3.50000%	1.50000%	360	5.0000%	236.11
Rate Change	Wednesday, December 12, 2018	1	1,700,000.00	3.47500%	1.50000%	360	4.9750%	234.93
	Thursday, December 13, 2018	1	1,700,000.00	3.47500%	1.50000%	360	4.9750%	234.93
	Friday, December 14, 2018	3	1,700,000.00	3.47500%	1.50000%	360	4.9750%	704.79
	Saturday, December 15, 2018							
	Sunday, December 16, 2018							
Rate Change	Monday, December 17, 2018	1	1,700,000.00	3.32500%	1.50000%	360	4.8250%	227.85
	Tuesday, December 18, 2018	1	1,700,000.00	3.32500%	1.50000%	360	4.8250%	227.85
	Wednesday, December 19, 2018	1	1,700,000.00	3.32500%	1.50000%	360	4.8250%	227.85
Rate Change	Thursday, December 20, 2018	1	1,700,000.00	3.87500%	1.50000%	360	5.3750%	253.82
	Friday, December 21, 2018	3	1,700,000.00	3.87500%	1.50000%	360	5.3750%	761.46
	Saturday, December 22, 2018							
	Sunday, December 23, 2018							
	Monday, December 24, 2018	2	1,700,000.00	3.87500%	1.50000%	360	5.3750%	507.64
	Tuesday, December 25, 2018							
Rate Change	Wednesday, December 26, 2018	1	1,700,000.00	3.75000%	1.50000%	360	5.2500%	247.92
	Thursday, December 27, 2018	1	1,700,000.00	3.75000%	1.50000%	360	5.2500%	247.92
Rate Change	Friday, December 28, 2018	3	1,700,000.00	3.62500%	1.50000%	360	5.1250%	726.04
	Saturday, December 29, 2018							
	Sunday, December 30, 2018							
1/1/2019								7,485.63

Rate Changes will be visible in the Adjustable Rate Module>Adjustable Review History Tab>

Rates in column H of the spreadsheet should equal New Int Rate% shown on the Adjustable Rate History grid for the dates that the rate changed.

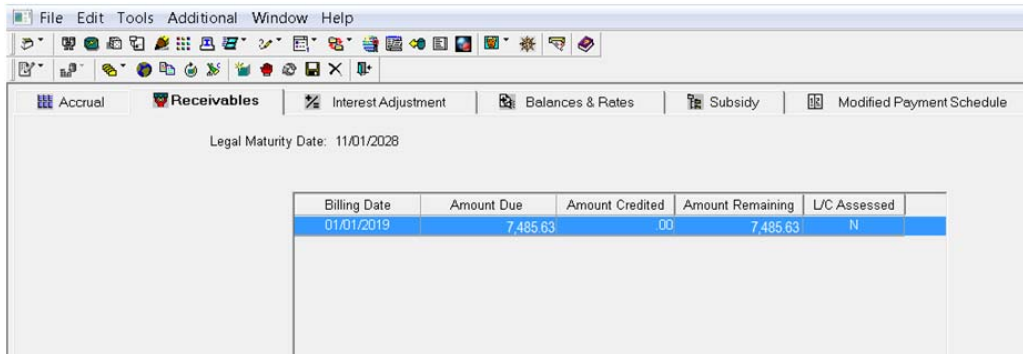
(Note that the radio button at the top of the Adjustable Rate History tab defaults to only show rate reviews that resulted in a rate change.)



Type of Review	Rate Change Date	Review Date	New Int Rate %	Prev Int Rate %	New Index %	Prev Index %	P&I Change Date	New P&I Rate %	Mstr Rate Updated	Mstr P&I Pmt Updated
Rate	12/01/2018	12/01/2018	5.25000000000000	4.10000000000000	3.75000000000000	.00000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/06/2018	12/06/2018	5.12500000000000	5.25000000000000	3.62500000000000	3.75000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/10/2018	12/10/2018	5.00000000000000	5.12500000000000	3.50000000000000	3.62500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/12/2018	12/12/2018	4.97500000000000	5.00000000000000	3.47500000000000	3.50000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/17/2018	12/17/2018	4.82500000000000	4.97500000000000	3.32500000000000	3.47500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/20/2018	12/20/2018	5.37500000000000	4.82500000000000	3.87500000000000	3.32500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/26/2018	12/26/2018	5.25000000000000	5.37500000000000	3.75000000000000	3.87500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/28/2018	12/28/2018	5.12500000000000	5.25000000000000	3.62500000000000	3.75000000000000	00/00/0000	.00000000000000	YES	NO

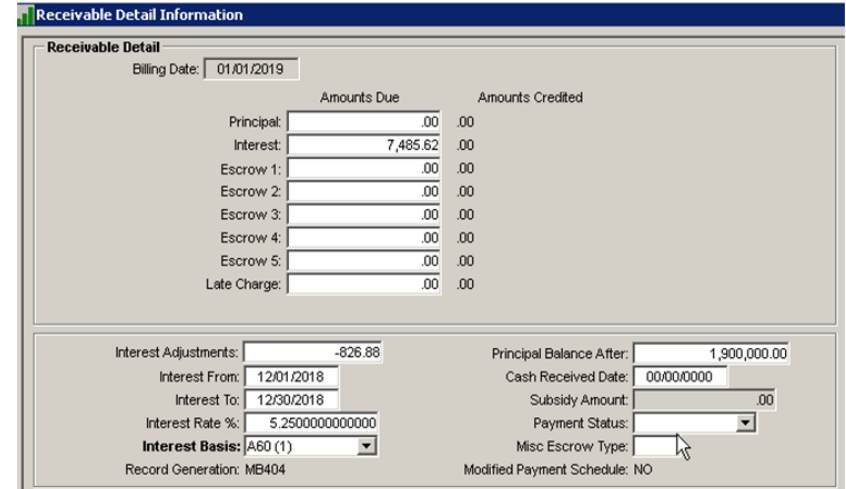
Adjustable Rate Module>Adjustable Review History Tab>

Total of all interest calculations for the month in column I above should equal the Interest Receivable for the first of the next month.



Billing Date	Amount Due	Amount Credited	Amount Remaining	L/C Assessed
01/01/2019	7,485.63	.00	7,485.63	N

Billing Module>Receivables Tab (Most recent receivable is on top)



Receivable Detail	
Billing Date:	01/01/2019
Principal:	.00
Interest:	7,485.62
Escrow 1:	.00
Escrow 2:	.00
Escrow 3:	.00
Escrow 4:	.00
Escrow 5:	.00
Late Charge:	.00
Interest Adjustments:	-626.88
Interest From:	12/01/2018
Interest To:	12/30/2018
Interest Rate %:	5.25000000000000
Interest Basis:	A60 (1)
Record Generation:	MB404
Principal Balance After:	1,900,000.00
Cash Received Date:	00/00/0000
Subsidy Amount:	.00
Payment Status:	
Misc Escrow Type:	
Modified Payment Schedule:	NO

Billing Module>Receivables Tab>Right Mouse - (Receivable Detail)

Detail on the Interest Adjustments made to the January 1 receivable based on rate changes and the curtailment can be viewed on the Interest Adjustment tab.

File Edit Tools Additional Window Help

Accrual

Receivables

Interest Adjustment

Balances & Rates

Subsidy

Modified Payment Schedule

Default Interest

Display Open Items Only

Display Closed Items Only

Date Posted	Date Entered	Adjustment Type	Adjustment Amount	Receivable Date	Effective From	Effective Through	Exception Type	User ID	Manual Process	Default Sort Order
12/06/2018	12/06/2018	CR RCV REC	164.93	01/01/2019	12/01/2018	12/30/2018	INT ONLY (1)	MB404A	No (N)	20181206201812062019010112012
12/08/2018	12/08/2018	CR RCV REC	654.86	01/01/2019	12/01/2018	12/30/2018	INT ONLY (1)	MB404A	No (N)	20181208201812082019010112012
12/10/2018	12/10/2018	CR RCV REC	123.96	01/01/2019	12/01/2018	12/30/2018	INT ONLY (1)	MB404A	No (N)	20181210201812102019010112012
12/12/2018	12/12/2018	CR RCV REC	22.43	01/01/2019	12/01/2018	12/30/2018	INT ONLY (1)	MB404A	No (N)	20181212201812122019010112012
12/17/2018	12/17/2018	CR RCV REC	99.17	01/01/2019	12/01/2018	12/30/2018	INT ONLY (1)	MB404A	No (N)	20181217201812172019010112012
12/20/2018	12/20/2018	DR RCV REC	285.70	01/01/2019	12/01/2018	12/30/2018	INT ONLY (1)	MB404A	No (N)	20181220201812202019010112012
12/26/2018	12/26/2018	CR RCV REC	29.52	01/01/2019	12/01/2018	12/30/2018	INT ONLY (1)	MB404A	No (N)	20181226201812262019010112012
12/28/2018	12/28/2018	CR RCV REC	17.71	01/01/2019	12/01/2018	12/30/2018	INT ONLY (1)	MB404A	No (N)	20181228201812282019010112012

Billing Module>Interest Adjustments

Use Case - Daily Reviewable Adjustable Loan with Daily Simple SOFR Index Rate, Margin and Spread Adjustment

Overview:

Daily Reviewable, Interest Only, With Margin and Rate Ceilings and Floors.

Processing Adjustable Rate loans using a published rate is standard processing for Strategy. The ARRC and FRBNY are recommending the SOFR index be used as a replacement index for LIBOR. Whether you anticipate using the Daily Simple SOFR Rate or the Forward Looking or Compounding in Advance term indices to be published based on the Secured Overnight Finance Rate, the processing of these loans is no different than when using a LIBOR index today.

When working with Strategy you will maintain the Index value in the system, entering it daily for Daily Simple Interest, monthly for 30 day Term Rates, a quarterly for 90 day terms, and so on. When determining a new interest rate for the loan, on the review date Strategy will retrieve the Index value for the Index identified on the loan, reference any margins, ceilings and floors, rate change caps, etc. defined in the system and calculate a new rate.

This scenario tests the accrual of interest in arrears on a daily reviewable, interest only loan referencing the Daily Simple SOFR Rate with a Rate Ceiling and Floor.

The loan has both a Margin and a Spread.

The loan was set up and the library cycled through a month of processing to build the receivable for the next month. Index Values were updated during the processing for the month.

This Use Case is illustrated using the loan characteristics below:

Loan Balance:	\$10,000,000.00
Loan Uses A66 - Interest Basis (Actual/365)	A66 - Interest Basis (Actual/365)
Loan is Interest Only (I), and Accrues To the Due Interest Only	
Payments are due on the first	12/1/2018 first day - of month
Index: (Daily Simple Interest SOFR)	4.00%
Margin:	0.50%
Spread Adjustment:	0.50%
Daily Reviewable Loan	
Review Frequency	1 (Every day)
No Lookback	
No Business Calendar	
Floor%:	
Ceiling%:	
Loan cycled through the month of December	

Adjustable Loan Index Rates

Index Description: S3 SOFR DAILY

Base Index Low %: .5000000000000000 Base Index High %: 15.000000000000000

Effective Date	Index Rate%
12/26/2018	3.2500000000000000
12/22/2018	3.0000000000000000
12/19/2018	2.8750000000000000
12/14/2018	3.1250000000000000
12/11/2018	3.2500000000000000
12/07/2018	3.5000000000000000
12/05/2018	3.6250000000000000
12/03/2018	3.7500000000000000
12/01/2018	4.0000000000000000

Note: To speed the testing, all index values for the test period were entered prior to running the day ends to cycle the library forward.

Index Values used in this scenario are as follows:

File Edit Tools Additional Window Help

Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing Balances/Processing Contract Esc/LateChg/Default D.I.A.L. Reporting Tiered Service Fee Period to Date(1) Period to Date(2) Commercial/Balloon Interest Reserve Valuation Analysis Prepayment Premiums Fee Information

Payment Information

Payment Frequency Indicator: MONTHLY (M) Bill/Payment Frequency: 1

Payment Type: INT ONLY (I) Contract Type: ARM (A) Business Calendar: MFS BUSINE (001)

Use Business Cal for Due Date: Business Calendar Options: Accrual/Due Date Options: TO DUE (1)

Accrual Follows Bus Cal Due Date: Next Pmt Due Date w/o Bus Cal: 01/01/2019

Next Payment Due Date: 1/1/2019 Due Date for Delinquency: 01/01/2019 % of Principal (Pmt Type R): .0000000000000000

Simple Interest: NO (N)

Loan in Process: NO (N) Interest Rate: 5.0000000000000000 Expanded Interest Rate: .0000000000000000000000000000000000 Annual Percentage Rate: 5.0000000000000000 Neg Amortization% Allowed: .00

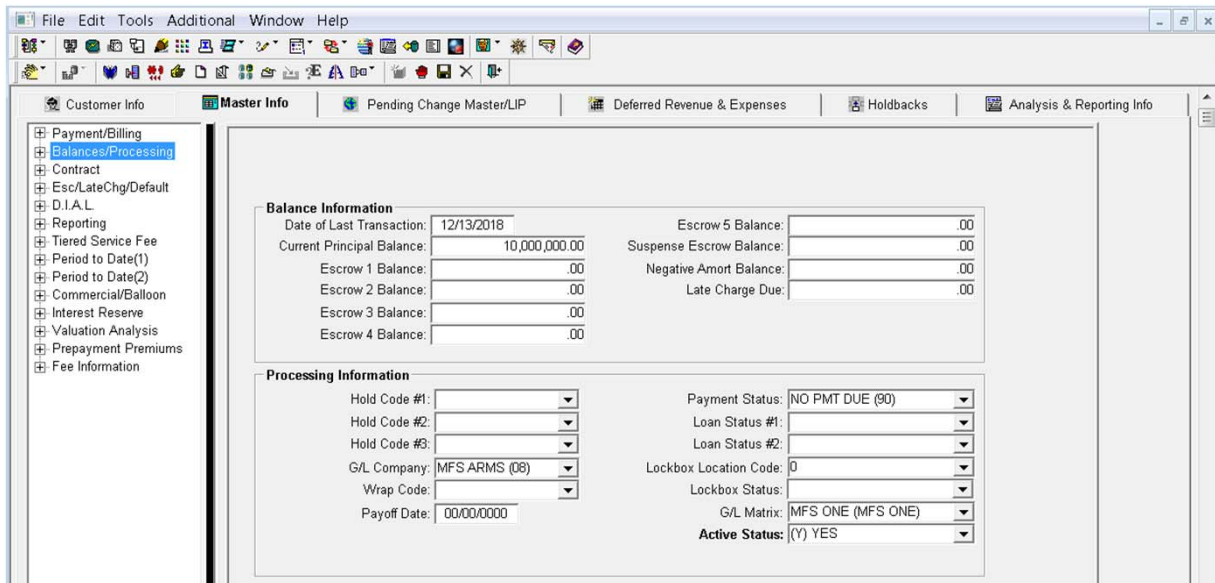
Deposit Account#: Subsidy: N

Mod Pmt Sched on File: NO (N) Pmt App String: STANDARD (v99)

Allow Partial Payments: NO (N)

Principal & Interest Pmt: .00 Escrow 1 Payment: .00 Escrow 2 Payment: .00 Escrow 3 Payment: .00 Escrow 4 Payment: .00 Escrow 5 Payment: .00

Loan Administration>Master Info>Payment/Billing - Contract Type (ARM (A)); Payment Type (Int Only (I))



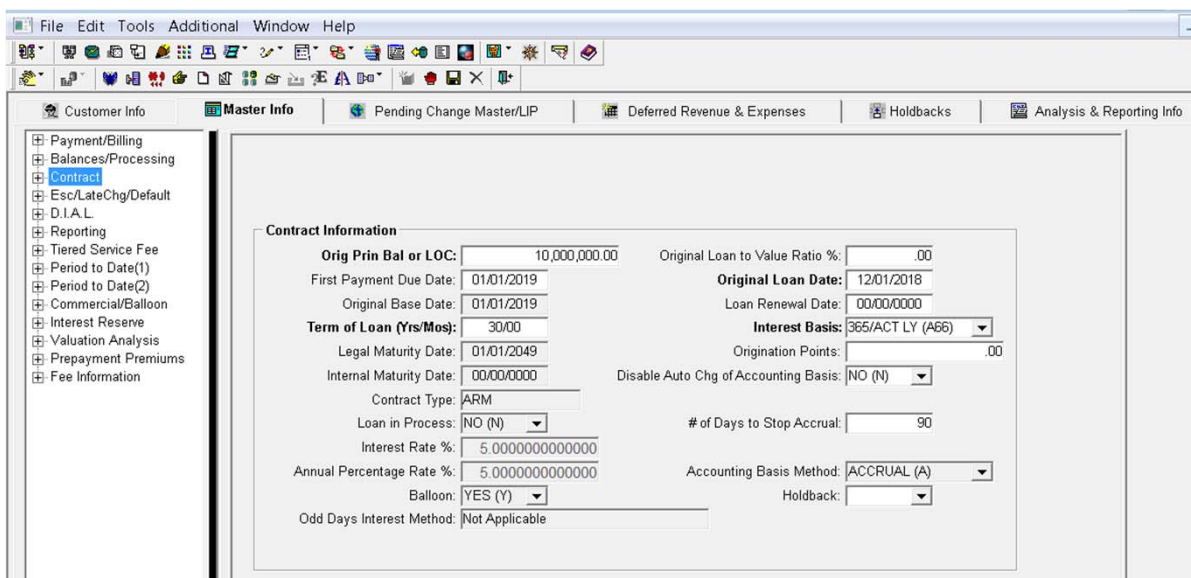
Balance Information

Date of Last Transaction:	12/13/2018	Escrow 5 Balance:	.00
Current Principal Balance:	10,000,000.00	Suspense Escrow Balance:	.00
Escrow 1 Balance:	.00	Negative Amort Balance:	.00
Escrow 2 Balance:	.00	Late Charge Due:	.00
Escrow 3 Balance:	.00		
Escrow 4 Balance:	.00		

Processing Information

Hold Code #1:		Payment Status:	NO PMT DUE (90)
Hold Code #2:		Loan Status #1:	
Hold Code #3:		Loan Status #2:	
G/L Company:	MFS ARMS (08)	Lockbox Location Code:	0
Wrap Code:		Lockbox Status:	
Payoff Date:	00/00/0000	G/L Matrix:	MFS ONE (MFS ONE)
		Active Status:	(Y) YES

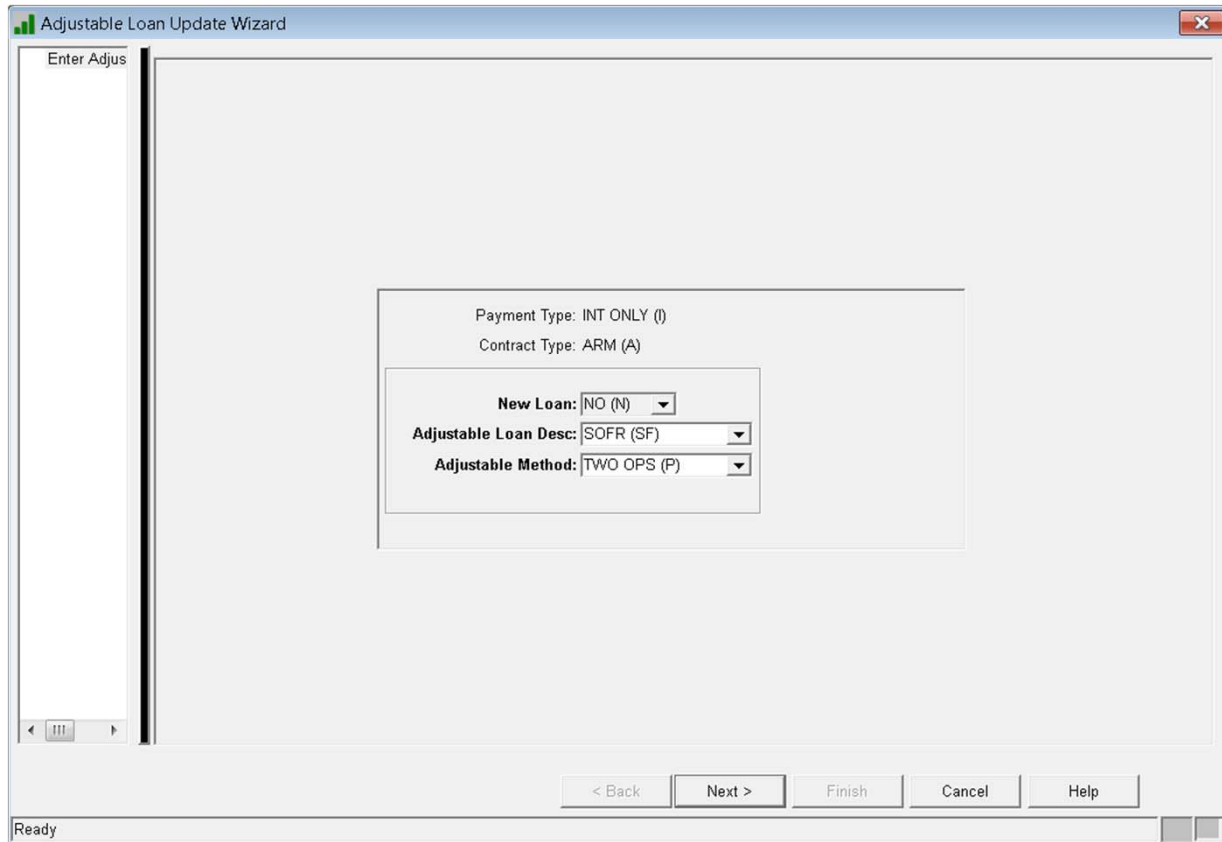
Loan Administration>Master Info>Balances/Processing - Current Principal Balance (\$10,000,000.00); Active Status ((Y) Yes)



Contract Information

Orig Prin Bal or LOC:	10,000,000.00	Original Loan to Value Ratio %:	.00
First Payment Due Date:	01/01/2019	Original Loan Date:	12/01/2018
Original Base Date:	01/01/2019	Loan Renewal Date:	00/00/0000
Term of Loan (Yrs/Mos):	30/00	Interest Basis:	365/ACT LY (A66)
Legal Maturity Date:	01/01/2049	Origination Points:	.00
Internal Maturity Date:	00/00/0000	Disable Auto Chg of Accounting Basis:	NO (N)
Contract Type:	ARM	# of Days to Stop Accrual:	90
Loan in Process:	NO (N)		
Interest Rate %:	5.0000000000000000	Accounting Basis Method:	ACCRUAL (A)
Annual Percentage Rate %:	5.0000000000000000	Holdback:	
Balloon:	YES (Y)		
Odd Days Interest Method:	Not Applicable		

Loan Administration>Master Info>Contract - Interest Basis Code

A screenshot of a software window titled "Adjustable Loan Update Wizard". The window has a standard Windows-style title bar with a green maximize button, a yellow close button, and a red X button. On the left side, there is a vertical pane with the text "Enter Adjust" and a small icon. The main area of the window is light gray and contains a smaller, white-bordered box. Inside this box, the text "Payment Type: INT ONLY (I)" and "Contract Type: ARM (A)" is displayed. Below this, there is a section with three dropdown menus: "New Loan:" with a value of "NO (N)", "Adjustable Loan Desc:" with a value of "SOFR (SF)", and "Adjustable Method:" with a value of "TWO OPS (P)". At the bottom of the window, there is a row of five buttons: "< Back", "Next >", "Finish", "Cancel", and "Help". The status bar at the very bottom of the window shows the word "Ready".

Adjustable Module>Adjustable Loan Info>Update Info - Adjustable Loan Description (Your definition of Daily Reviewable, SOFR

Allows entry of both a Margin and a Spread Adjustment

Adjustable Loan Update Wizard

Enter Adjust
Loan Info

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
Adjustable Method: TWO OPS (P) Contract Type: ARM (A)

Rate Information

Monthly or Daily Review: (D) DAILY
Rate Change Frequency: 1
Look Back Method: (N) N/A
Look Back Days For Rate Reviews:
Business Calendar:
Use Business Calendar: Review Date: NO (N)
Rate Review Date: 01/01/2019
Use Business Calendar: Change Date: NO (N)
Business Calendar Options:
Rate Change Date: 01/01/2019
Rate Chg Anniversary Date: 01/01/2019
Original Index %: .000000000000

New Interest Rate %: 5.000000000000
Previous Interest Rate %: .000000000000
New Rate Without Caps %:
Index Description: SOFR DAILY (S3)
New Index %: 4.000000000000
Previous Index %: .000000000000
of Rate Reviews to Date: 31
Maximum # Of Rate Reviews:
Option Date: 00/00/0000
Previous Review Date: 12/31/2018

P&I Payment Information

P&I Chg Freq: P&I Re-Amort Date: # of Payment Reviews to Date:
P&I Change Date: New P&I Payment: Rate Sched For P&I Pmt: NO (N)
P&I Re-Amort Freq: Prev P&I Payment: P&I Amortization "To" Date:

Notice Information

Print Notice: NO (N) Notice Days From Review: Print Notice Date:

Adjustable Loan Module>>Adjustable Loan Info>Update Info>Loan Info -

Monthly or Daily Review ((D) Daily), Rate Change Frequency (1), Look Back Method ((N) N/A), Index Description (Your Daily Simple SOFR Index), Rate Review Date (First Day loan will review in test)

Adjustable Loan Update Wizard

Enter Adjust
Loan Info
Constants &

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
Adjustable Method: TWO OPS (P) Contract Type: ARM (A)

Rate Information

Interest Rate Margin %:
Rate Rounding Method:
Rate Rounding Factor %:
Original Interest Rate %: .000000000000
Index Rounding Method:
Index Rounding Factor %:
Rate Floor & Ceiling Exp Date:
Interest Rate Floor %: .000000000000
Interest Rate Ceiling %: .000000000000

Rate Review Increase Cap %: .000000000000
Rate Review Decrease Cap %: .000000000000
Minimum Rate Adj Allowed %: .000000000000
Starting Rate for This Period %:
Period Rate Cap %:
Math Operator #1: Addition
Margin #1 %: .500000000000
Math Operator #2: Addition
Margin #2 %: .500000000000
Status:

P&I Payment Information

P&I Payment Method:
P&I Payment Cap Expiration Date:
P&I Increase Cap %:
P&I Decrease Cap %:
Minimum Pmt Adj Allowed:

Round P&I Payment:
P&I Increase Cap Amount:
P&I Decrease Cap Amount:
Master File Interest Basis: 365/ACT LY (A66)
Interest Basis for P&I Calc:

< Back Next > Finish Cancel Help

Ready

Adjustable Module>Adjustable Loan Info>(Right Mouse)>Update Info>Loan Info>(NEXT)>Constants and Contraints -
Math Operator#1 - Enter operation to apply Margin - Addition; Margin #1 - Enter the margin on the loan
Math Operator #2-Enter operation to apply Spread Adjustment - Addition, Margin #2 - Enter the spread adjustment for the loan.

Margin Spread Adjustment

Expected Results

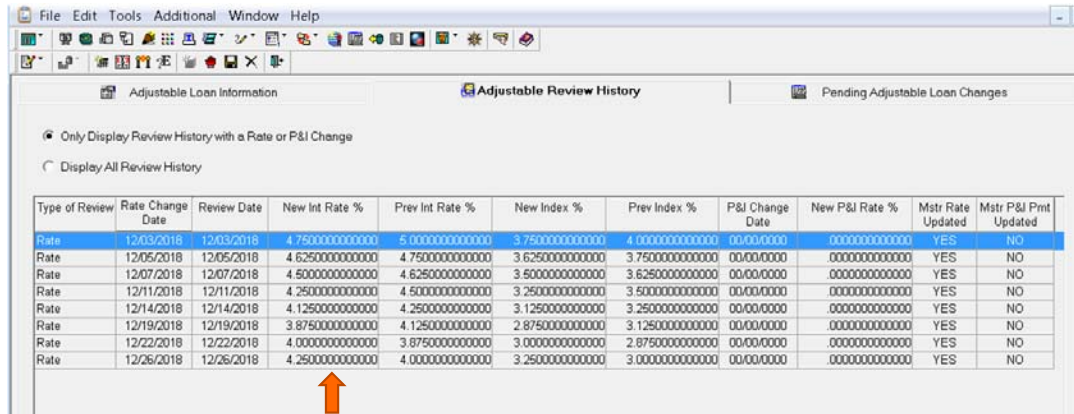
A	B	C	D	E	F	G	H	I	J
Loan Amount \$10,000,000.00 Interest Basis A66 Simple SOFR Daily Margin .50% Spread Adjustment .50%	Date	#days	Balance	Index	Margin Margin #1	Spread Adj Margin #2	Basis	Interest Rate (E+F+G)	Calculated Interest ((D*I)*C)/H
First Cycle with rate changes	Saturday, December 01, 2018	1	10,000,000.00	4.00000%	0.50000%		365	5.00000%	1,369.86
	Sunday, December 02, 2018	1	10,000,000.00	4.00000%	0.50000%	0.50000%	365	5.00000%	1,369.86
Rate Change	Monday, December 03, 2018	1	10,000,000.00	3.75000%	0.50000%	0.50000%	365	4.75000%	1,301.37
	Tuesday, December 04, 2018	1	10,000,000.00	3.75000%	0.50000%	0.50000%	365	4.75000%	1,301.37
Rate Change	Wednesday, December 05, 2018	1	10,000,000.00	3.62500%	0.50000%	0.50000%	365	4.62500%	1,267.12
	Thursday, December 06, 2018	1	10,000,000.00	3.62500%	0.50000%	0.50000%	365	4.62500%	1,267.12
Rate Change	Friday, December 07, 2018	1	10,000,000.00	3.50000%	0.50000%	0.50000%	365	4.50000%	1,232.88
	Saturday, December 08, 2018	1	10,000,000.00	3.50000%	0.50000%	0.50000%	365	4.50000%	1,232.88
	Sunday, December 09, 2018	1	10,000,000.00	3.50000%	0.50000%	0.50000%	365	4.50000%	1,232.88
	Monday, December 10, 2018	1	10,000,000.00	3.50000%	0.50000%	0.50000%	365	4.50000%	1,232.88
Rate Change	Tuesday, December 11, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
	Wednesday, December 12, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
	Thursday, December 13, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
Rate Change	Friday, December 14, 2018	1	10,000,000.00	3.12500%	0.50000%	0.50000%	365	4.12500%	1,130.14
	Saturday, December 15, 2018	1	10,000,000.00	3.12500%	0.50000%	0.50000%	365	4.12500%	1,130.14
	Sunday, December 16, 2018	1	10,000,000.00	3.12500%	0.50000%	0.50000%	365	4.12500%	1,130.14
	Monday, December 17, 2018	1	10,000,000.00	3.12500%	0.50000%	0.50000%	365	4.12500%	1,130.14
	Tuesday, December 18, 2018	1	10,000,000.00	3.12500%	0.50000%	0.50000%	365	4.12500%	1,130.14
Rate Change - Floor Reached	Wednesday, December 19, 2018	1	10,000,000.00	2.87500%	0.50000%	0.50000%	365	3.87500%	1,061.64
Floor Reached	Thursday, December 20, 2018	1	10,000,000.00	2.87500%	0.50000%	0.50000%	365	3.87500%	1,061.64
Floor Reached	Friday, December 21, 2018	1	10,000,000.00	2.87500%	0.50000%	0.50000%	365	3.87500%	1,061.64
Rate Change	Saturday, December 22, 2018	1	10,000,000.00	3.00000%	0.50000%	0.50000%	365	4.00000%	1,095.89
	Sunday, December 23, 2018	1	10,000,000.00	3.00000%	0.50000%	0.50000%	365	4.00000%	1,095.89
	Monday, December 24, 2018	1	10,000,000.00	3.00000%	0.50000%	0.50000%	365	4.00000%	1,095.89
	Tuesday, December 25, 2018	1	10,000,000.00	3.00000%	0.50000%	0.50000%	365	4.00000%	1,095.89
Rate Change	Wednesday, December 26, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
	Thursday, December 27, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
	Friday, December 28, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
	Saturday, December 29, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
	Sunday, December 30, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
	Monday, December 31, 2018	1	10,000,000.00	3.25000%	0.50000%	0.50000%	365	4.25000%	1,164.38
1/1/19 receivable									36,506.85



Rate Changes will be visible in the Adjustable Rate Module>Adjustable Review History Tab>

Rates in column H of the spreadsheet should equal New Int Rate% shown on the Adjustable Rate History grid for the dates that the rate changed.

(Note that the radio button at the top of the Adjustable Rate History tab defaults to only show rate reviews that resulted in a rate change.)

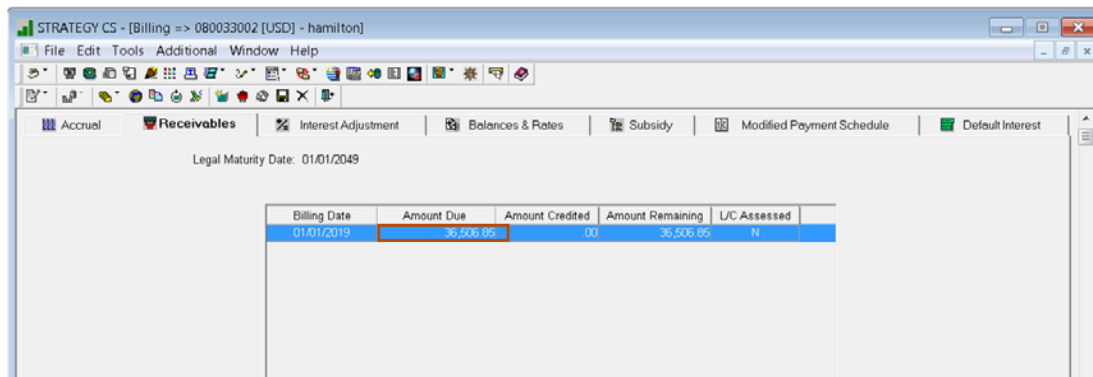


Type of Review	Rate Change Date	Review Date	New Int Rate %	Prev Int Rate %	New Index %	Prev Index %	P&I Change Date	New P&I Rate %	Mstr Rate Updated	Mstr P&I Pmt Updated
Rate	12/13/2018	12/13/2018	4.75000000000000	5.00000000000000	3.75000000000000	4.00000000000000	00/00/0000	00000000000000	YES	NO
Rate	12/05/2018	12/05/2018	4.62500000000000	4.75000000000000	3.62500000000000	3.75000000000000	00/00/0000	00000000000000	YES	NO
Rate	12/07/2018	12/07/2018	4.50000000000000	4.62500000000000	3.50000000000000	3.62500000000000	00/00/0000	00000000000000	YES	NO
Rate	12/11/2018	12/11/2018	4.25000000000000	4.50000000000000	3.25000000000000	3.50000000000000	00/00/0000	00000000000000	YES	NO
Rate	12/14/2018	12/14/2018	4.12500000000000	4.25000000000000	3.12500000000000	3.25000000000000	00/00/0000	00000000000000	YES	NO
Rate	12/19/2018	12/19/2018	3.87500000000000	4.12500000000000	2.87500000000000	3.12500000000000	00/00/0000	00000000000000	YES	NO
Rate	12/22/2018	12/22/2018	4.00000000000000	3.87500000000000	3.00000000000000	2.87500000000000	00/00/0000	00000000000000	YES	NO
Rate	12/26/2018	12/26/2018	4.25000000000000	4.00000000000000	3.25000000000000	3.00000000000000	00/00/0000	00000000000000	YES	NO

Rate Module>Adjustable Review History tab.

Adjustable Rate Module>Adjustable Review History Tab>

Total of all interest calculations for the month in column J above should equal the Interest Receivable for the first of the next month.



Billing Date	Amount Due	Amount Credited	Amount Remaining	L/C Assessed
01/01/2019	36,506.85	00	36,506.85	N

Billing Module>Receivables Tab (Most recent receivable is on top)

Use Case - Monthly Reviewable 30 day Compounded in Advance - Margin and Business Calendar

Processing Adjustable Rate loans using a published rate is standard processing for Strategy. The ARRC and FRBNY are recommending the SOFR index be used as a replacement index for LIBOR. Whether you anticipate using the Forward Looking or Compounding in Advance term indices to be published based on the Secured Overnight Finance Rate, the processing of these loans is no different than when using a LIBOR index today.

When working with Strategy you will maintain the Index value in the system, entering it daily for Daily Simple Interest, monthly for 30 day Term Rates, a quarterly for 90 day terms, and so on. When determining a new interest rate for the loan, on the review date Strategy will retrieve the Index value on the loan, reference any margins, ceilings and floors, rate change caps, etc. defined in the system and calculate a new rate.

This scenario tests the accrual of interest in arrears on a monthly reviewable, interest only loan referencing the 30 day Compounded in Advance Index Rate. The Rate Change Date is tied to a Business Calendar.

The loan was set up and the library cycled through a month of processing to build the receivable for the next month. Index Values were updated during the processing for the month.

This Use Case considers a loan with the following characteristics:

Loan Balance:	\$10,000,000.00	
Loan Uses A66 - Interest Basis (Actual/365)	A66 - Interest Basis (Actual/365)	
Loan is Interest Only (I), and Accrues To the Due Interest Only		
Payments are due on the first		
Index: (SOFR 30 day*)	2.40%	12/1/2018 first review
Margin:	0.50%	
Spread Adjustment:	N/A	
Monthly Reviewable Loan		
Rate Change Frequency	1 (Every month)	
Look Back Method	Back	
Business Calendar for Rate Change	Select Business Calendar for ARM	
Floor%:	N/A	
Ceiling%:		
Loan cycled through the month of December		

*SOFR Compounded in Advance 30 day term rate index.

Index Values used in this scenario are as follows:

Adjustable Loan Index Rates

Index Description: SM SOFR MONTHLY TERM 30

Base Index Low %: .5000000000000000 Base Index High %: 15.000000000000000

Effective Date	Index Rate%
12/01/2018	2.400000000000000

OK Cancel Apply Help

Ready

Note: To speed the testing, all index values for the test period were entered prior to running the day ends to cycle the library forward.

Customer Info	Master Info	Pending Change Master/LIP	Deferred Revenue & Expenses	Holdsback	Analysis & Reporting Info
<div> <div> <div>Payment/Billing</div> <div>Balances/Processing</div> <div>Contract</div> <div>Esc/LateChg/Default</div> <div>D.I.A.L.</div> <div>Reporting</div> <div>Tiered Service Fee</div> <div>Period to Date(1)</div> <div>Period to Date(2)</div> <div>Commercial/Balloon</div> <div>Interest Reserve</div> <div>Valuation Analysis</div> <div>Prepayment Premiums</div> <div>Fee Information</div> </div> <div> <div>Payment Information</div> <div> <div> <div>Payment Frequency Indicator:</div> <div>MONTHLY (M)</div> </div> <div> <div>Bill/Payment Frequency:</div> <div>1</div> </div> <div> <div>Payment Type:</div> <div>INT ONLY (I)</div> </div> <div> <div>Contract Type:</div> <div>ARM (A)</div> </div> <div> <div>Business Calendar:</div> <div>MFS BUSINE (001)</div> </div> <div> <div>Use Business Cal for Due Date:</div> <div></div> </div> <div> <div>Business Calendar Options:</div> <div></div> </div> <div> <div>Accrual/Due Date Options:</div> <div>TO DUE (1)</div> </div> <div> <div>Accrual Follows Bus Cal Due Date:</div> <div></div> </div> <div> <div>Next Pmt Due Date w/o Bus Cal:</div> <div>01/01/2019</div> </div> <div> <div>Next Payment Due Date:</div> <div>1/1/2019</div> </div> <div> <div>Due Date for Delinquency:</div> <div>01/01/2019</div> </div> <div> <div>% of Principal (Pmt Type R):</div> <div>.00000000000000</div> </div> <div> <div>Simple Interest:</div> <div>NO (N)</div> </div> </div> <div> <div>Loan in Process:</div> <div>NO (N)</div> <div>Interest Rate%:</div> <div>5.00000000000000</div> <div>Expanded Interest Rate%:</div> <div>.00000000000000000000000000000000</div> <div>Annual Percentage Rate%:</div> <div>5.00000000000000</div> <div>Neg Amortization% Allowed:</div> <div>.00</div> <div>Deposit Account#:</div> <div></div> <div>Subsidy:</div> <div>N</div> <div>Mod Pmt Sched on File:</div> <div>NO (N)</div> <div>Pmt App String:</div> <div>STANDARD (v99)</div> <div>Allow Partial Payments:</div> <div>NO (N)</div> <div>Principal & Interest Pmt:</div> <div>.00</div> <div>Escrow 1 Payment:</div> <div>.00</div> <div>Escrow 2 Payment:</div> <div>.00</div> <div>Escrow 3 Payment:</div> <div>.00</div> <div>Escrow 4 Payment:</div> <div>.00</div> <div>Escrow 5 Payment:</div> <div>.00</div> </div> </div> </div>					

Loan Adminnistration>Master Info>Payment/Billing - Contract Type (ARM (A)); Payment Type (Int Only (I))

Use Case for Monthly Reviewable SOFR 30 Day Compounded in Advance with Margin Overview

File Edit Tools Additional Window Help

Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing
Balances/Processing
Contract
Esc/LateChg/Default
D.I.A.L.
Reporting
Tiered Service Fee
Period to Date(1)
Period to Date(2)
Commercial/Balloon
Interest Reserve
Valuation Analysis
Prepayment Premiums
Fee Information

Balance Information

Date of Last Transaction:	12/14/2018	Escrow 5 Balance:	.00
Current Principal Balance:	10,000,000.00	Suspense Escrow Balance:	.00
Escrow 1 Balance:	.00	Negative Amort Balance:	.00
Escrow 2 Balance:	.00	Late Charge Due:	.00
Escrow 3 Balance:	.00		
Escrow 4 Balance:	.00		

Processing Information

Hold Code #1:		Payment Status:	NO PMT DUE (90)
Hold Code #2:		Loan Status #1:	
Hold Code #3:		Loan Status #2:	
G/L Company:	MFS ARMS (08)	Lockbox Location Code:	0
Wrap Code:		Lockbox Status:	
Payoff Date:	00/00/0000	G/L Matrix:	MFS ONE (MFS ONE)
		Active Status:	(Y) YES

Loan Administration>Master Info>Balances/Processing - Current Principal Balance (\$10,000,000.00); Active Status ((Y) Yes)

File Edit Tools Additional Window Help

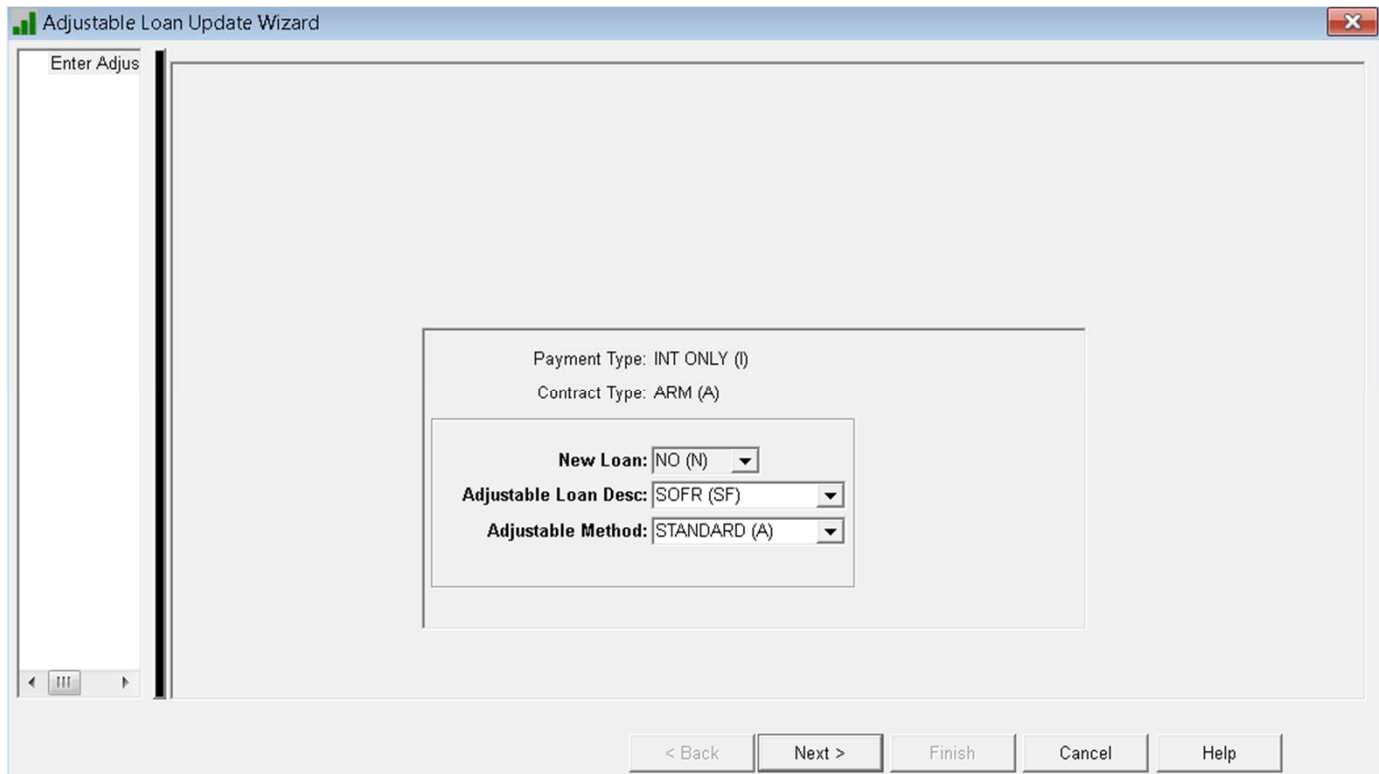
Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing
Balances/Processing
Contract
Esc/LateChg/Default
D.I.A.L.
Reporting
Tiered Service Fee
Period to Date(1)
Period to Date(2)
Commercial/Balloon
Interest Reserve
Valuation Analysis
Prepayment Premiums
Fee Information

Contract Information

Orig Prin Bal or LOC:	10,000,000.00	Original Loan to Value Ratio %:	.00
First Payment Due Date:	01/01/2019	Original Loan Date:	12/01/2018
Original Base Date:	01/01/2019	Loan Renewal Date:	00/00/0000
Term of Loan (Yrs/Mos):	30/00	Interest Basis:	365/ACT LY (A66)
Legal Maturity Date:	01/01/2049	Origination Points:	.00
Internal Maturity Date:	00/00/0000	Disable Auto Chg of Accounting Basis:	NO (N)
Contract Type:	ARM	# of Days to Stop Accrual:	90
Loan in Process:	NO (N)	Accounting Basis Method:	ACCRUAL (A)
Interest Rate %:	5.00000000000000	Holdback:	
Annual Percentage Rate %:	5.00000000000000		
Balloon:	YES (Y)		
Odd Days Interest Method:	Not Applicable		

Loan Administration>Master Info>Contract - Interest Basis Code

A screenshot of a software window titled "Adjustable Loan Update Wizard". The window has a light gray background and a blue title bar. On the left side, there is a vertical pane with the text "Enter Adjust" at the top and a small icon at the bottom. The main area of the window contains a central dialog box with the following fields: "Payment Type: INT ONLY (I)", "Contract Type: ARM (A)", "New Loan: NO (N)" (with a dropdown arrow), "Adjustable Loan Desc: SOFR (SF)" (with a dropdown arrow), and "Adjustable Method: STANDARD (A)" (with a dropdown arrow). At the bottom of the window, there are five buttons: "< Back", "Next >", "Finish", "Cancel", and "Help".

Adjustable Module>Adjustable Loan Info>Update Info - Adjustable Loan Description (Your definition of Monthly Reviewable, SOFR Loan with Margin), Adjustable Method (Standard (A)).

Use Case for Monthly Reviewable
SOFR 30 Day Compounded in Advance with Margin
Overview

Adjustable Loan Update Wizard

Enter Adjust Loan Info

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) **Payment Type:** INT ONLY (I)
Adjustable Method: STANDARD (A) **Contract Type:** ARM (A)

Rate Information

Monthly or Daily Review: (M) MONTHLY
Rate Change Frequency: 1
Look Back Method: (B) BACK
 Look Back Days For Rate Reviews:
Business Calendar: MFS BUSINE (001)
Use Business Calendar: Review Date: NO (N)
Rate Review Date: 12/01/2018
Use Business Calendar: Change Date: YES (Y)
Business Calendar Options: FORWARD (F)
Rate Change Date: 12/03/2018
Rate Chg Anniversary Date: 12/01/2018
 Original Index %: .000000000000

New Interest Rate %: 2.900000000000
Previous Interest Rate %: 5.000000000000
New Rate Without Caps %:
Index Description: SOFR MONTH (SM)
New Index %: 2.400000000000
Previous Index %: .000000000000
of Rate Reviews to Date: 1
Maximum # Of Rate Reviews:
Option Date: 00/00/0000
Previous Review Date: 00/00/0000

P&I Payment Information

P&I Chg Freq: **P&I Re-Amort Date:** **# of Payment Reviews to Date:**
P&I Change Date: **New P&I Payment:** **Rate Sched For P&I Pmt:** NO (N)
P&I Re-Amort Freq: **Prev P&I Payment:** **P&I Amortization "To" Date:**
Notice Information
Print Notice: NO (N) **Notice Days From Review:** **Print Notice Date:**

Adjustable Loan Module>>Adjustable Loan Info>Update Info>Loan Info - Monthly or Daily Review ((M) Monthly), Rate Change Frequency (1), Look Back Method ((B) Back), Select your Business Calendar; Use Business Calendar: Review Date (No (N)); Index Description (Your Monthly Compound Interest in Advance 30 day term rate); Rate Review Date (first rate review in your scenario); Rate Chg Anniversary Date (first rate change in your scenario).

Adjustable Loan Update Wizard

Enter Adjust
Loan Info
Constants &

Adjustable Loan Information

New Loan: NO (N)
 Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
 Adjustable Method: STANDARD (A) Contract Type: ARM (A)

Rate Information

Interest Rate Margin %: .50000000000000
 Rate Rounding Method:
 Rate Rounding Factor %:
 Original Interest Rate %: .00000000000000
 Index Rounding Method:
 Index Rounding Factor %:
 Rate Floor & Ceiling Exp Date:
 Interest Rate Floor %: .00000000000000
 Interest Rate Ceiling %: .00000000000000

Rate Review Increase Cap %: .00000000000000
 Rate Review Decrease Cap %: .00000000000000
 Minimum Rate Adj Allowed %: .00000000000000
 Starting Rate for This Period %:
 Period Rate Cap %:
 Math Operator #1:
 Margin #1 %:
 Math Operator #2:
 Margin #2 %:
 Status:

P&I Payment Information

P&I Payment Method:
 P&I Payment Cap Expiration Date:
 P&I Increase Cap %:
 P&I Decrease Cap %:
 Minimum Pmt Adj Allowed:

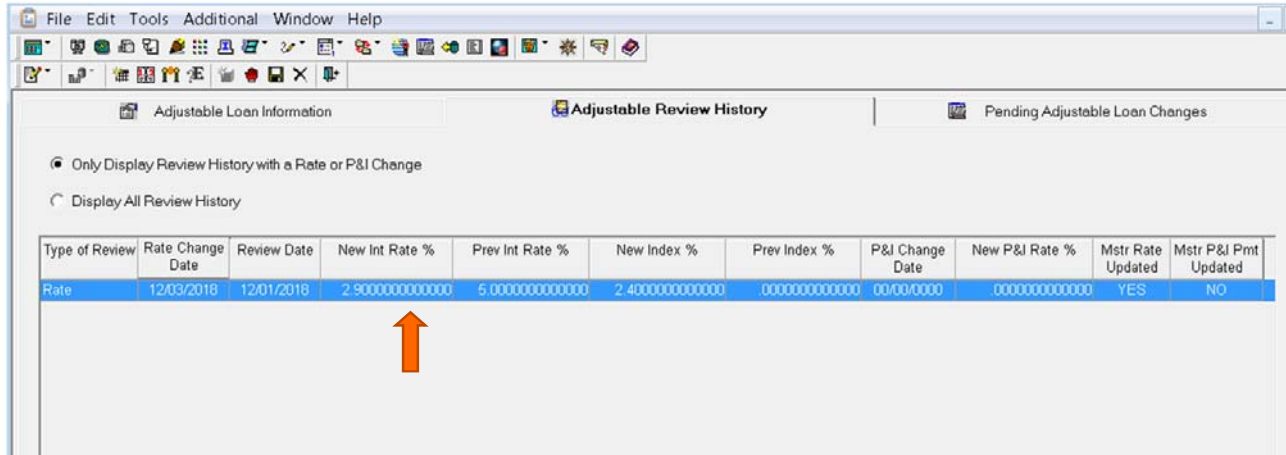
Round P&I Payment:
 P&I Increase Cap Amount:
 P&I Decrease Cap Amount:
 Master File Interest Basis: 365/ACT LY (A66)
 Interest Basis for P&I Calc:

Adjustable Module>Adjustable Loan Info>(Right Mouse)>Update Info>Loan Info>(NEXT)>Constants and Contraints - Margin% (Enter Margin using).

Rate Changes will be visible in the Adjustable Rate Module>Adjustable Review History Tab>

Rates in column H of the spreadsheet should equal New Int Rate% shown on the Adjustable Rate History grid for the dates that the rate changed.

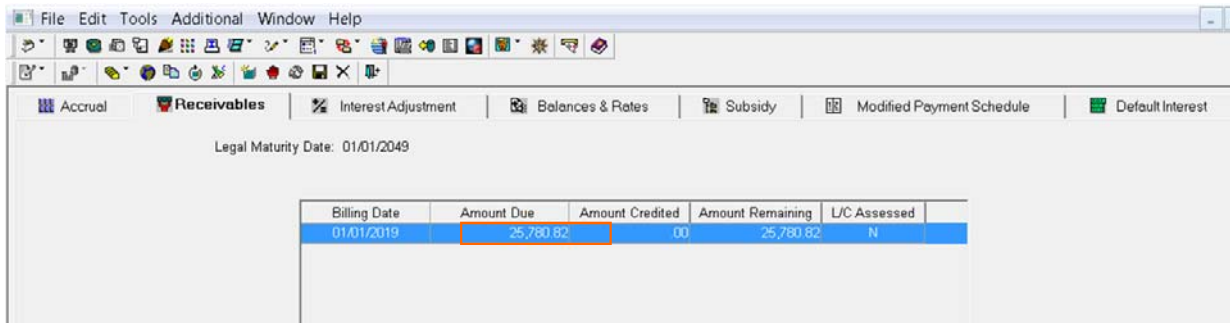
(Note that the radio button at the top of the Adjustable Rate History tab defaults to only show rate reviews that resulted in a rate change.)



Type of Review	Rate Change Date	Review Date	New Int Rate %	Prev Int Rate %	New Index %	Prev Index %	P&I Change Date	New P&I Rate %	Mstr Rate Updated	Mstr P&I Pmt Updated
Rate	12/03/2018	12/01/2018	2.90000000000000	5.00000000000000	2.40000000000000	0.00000000000000	00/00/0000	0.00000000000000	YES	NO

Adjustable Rate Module>Adjustable Review History tab.

Total of all interest calculations for the month in column I above should equal the Interest Receivable for the first of the next month.



Billing Date	Amount Due	Amount Credited	Amount Remaining	L/C Assessed
01/01/2019	25,780.82	00	25,780.82	N

Billing Module>Receivables Tab (Most recent receivable is on top)

Use Case - Monthly Reviewable 30 day Compounded in Advance - Margin, Spread Adjustment, and Business Calendar

Processing Adjustable Rate loans using a published rate is standard processing for Strategy. The ARRC and FRBNY are recommending the SOFR index be used as a replacement index for LIBOR. Whether you anticipate using the Forward Looking or Compounding in Advance term indices to be published based on the Secured Overnight Finance Rate, the processing of these loans is no different than when using a LIBOR index today.

When working with Strategy you will maintain the Index value in the system, entering it daily for Daily Simple Interest, monthly for 30 day Term Rates, a quarterly for 90 day terms, and so on. When determining a new interest rate for the loan, on the review date Strategy will retrieve the Index value on the loan, reference any margins, ceilings and floors, rate change caps, etc. defined in the system and calculate a new rate.

This scenario tests the accrual of interest in arrears on a monthly reviewable, interest only loan referencing the 30 day Compounded in Advance Index Rate. A business calendar has been assigned to the Rate Change date.

The loan was set up and the library cycled through a month of processing to build the receivable for the next month. Index Values were updated during the processing for the month.

This Use Case considers a loan with the following characteristics:

Loan Balance:	\$10,000,000.00
Loan Uses A66 - Interest Basis (Actual/365)	A66 - Interest Basis (Actual/365)
Loan is Interest Only (I), and Accrues To the Due Date.	Interest Only
Payments are due on the first	
Index: (SOFR 30 day*)	2.40% 12/1/2018 first review
Margin:	0.50%
Spread Adjustment:	0.50%
Monthly Reviewable Loan	
Rate Change Frequency	1 (Every month)
Look Back Method	Back
Business Calendar for Rate Change	Select Business Calendar for ARM
Floor%:	N/A
Ceiling%:	
Loan cycled through the month of December	

*SOFR Compounded in Advance 30 day term rate index.

Index Values used in this scenario are as follows:

Adjustable Loan Index Rates

Index Description: SM SOFR MONTHLY TERM 30

Base Index Low %: .500000000000000 Base Index High %: 15.0000000000000

Effective Date	Index Rate%
12/01/2018	2.40000000000000

OK Cancel Apply Help

Ready

Note: To speed the testing, all index values for the test period were entered prior to running the day ends to cycle the library forward.

	Customer Info	Master Info	Pending Change Master/LIP	Deferred Revenue & Expenses	Holdsbacks	Analysis & Reporting Info
+ Payment/Billing						
+ Balances/Processing						
+ Contract						
+ Esc/LateChg/Default						
+ D.I.A.L.						
+ Reporting						
+ Tiered Service Fee						
+ Period to Date(1)						
+ Period to Date(2)						
+ Commercial/Balloon						
+ Interest Reserve						
+ Valuation Analysis						
+ Prepayment Premiums						
+ Fee Information						

Payment Information	
Payment Frequency Indicator:	MONTHLY (M) ▾
Bill/Payment Frequency:	1
Payment Type:	INT ONLY (I) ▾
Contract Type:	ARM (A) ▾
Business Calendar:	MFS BUSINE (001) ▾
Use Business Cal for Due Date:	▮
Business Calendar Options:	▮
Accrual/Due Date Options:	TO DUE (1) ▾
Accrual Follows Bus Cal Due Date:	▮
Next Pmt Due Date w/o Bus Cal:	01/01/2019
Next Payment Due Date:	1/1/2019
Due Date for Delinquency:	01/01/2019
% of Principal (Pmt Type R):	.00000000000000
Simple Interest:	NO (N) ▾

Loan in Process:	NO (N) ▾
Interest Rate%:	5.000000000000
Expanded Interest Rate%:	.00000000000000000000000000000000
Annual Percentage Rate%:	5.000000000000
Neg Amortization% Allowed:	.00
Deposit Account#:	▮
Subsidy:	N
Mod Pmt Sched on File:	NO (N) ▾
Pmt App String:	STANDARD (V99) ▾
Allow Partial Payments:	NO (N) ▾
Principal & Interest Pmt:	.00
Escrow 1 Payment:	.00
Escrow 2 Payment:	.00
Escrow 3 Payment:	.00
Escrow 4 Payment:	.00
Escrow 5 Payment:	.00

Loan Adminnistration>Master Info>Payment/Billing - Contract Type (ARM (A)); Payment Type (Int Only (I))

File Edit Tools Additional Window Help

Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing
Balances/Processing
Contract
Esc/LateChg/Default
D.I.A.L.
Reporting
Tiered Service Fee
Period to Date(1)
Period to Date(2)
Commercial/Balloon
Interest Reserve
Valuation Analysis
Prepayment Premiums
Fee Information

Balance Information

Date of Last Transaction:	12/14/2018	Escrow 5 Balance:	.00
Current Principal Balance:	10,000,000.00	Suspense Escrow Balance:	.00
Escrow 1 Balance:	.00	Negative Amort Balance:	.00
Escrow 2 Balance:	.00	Late Charge Due:	.00
Escrow 3 Balance:	.00		
Escrow 4 Balance:	.00		

Processing Information

Hold Code #1:		Payment Status:	NO PMT DUE (90)
Hold Code #2:		Loan Status #1:	
Hold Code #3:		Loan Status #2:	
G/L Company:	MFS ARMS (08)	Lockbox Location Code:	0
Wrap Code:		Lockbox Status:	
Payoff Date:	00/00/0000	G/L Matrix:	MFS ONE (MFS ONE)
		Active Status:	(Y) YES

Loan Administration>Master Info>Balances/Processing - Current Principal Balance (\$10,000,000.00); Active Status ((Y) Yes)

File Edit Tools Additional Window Help

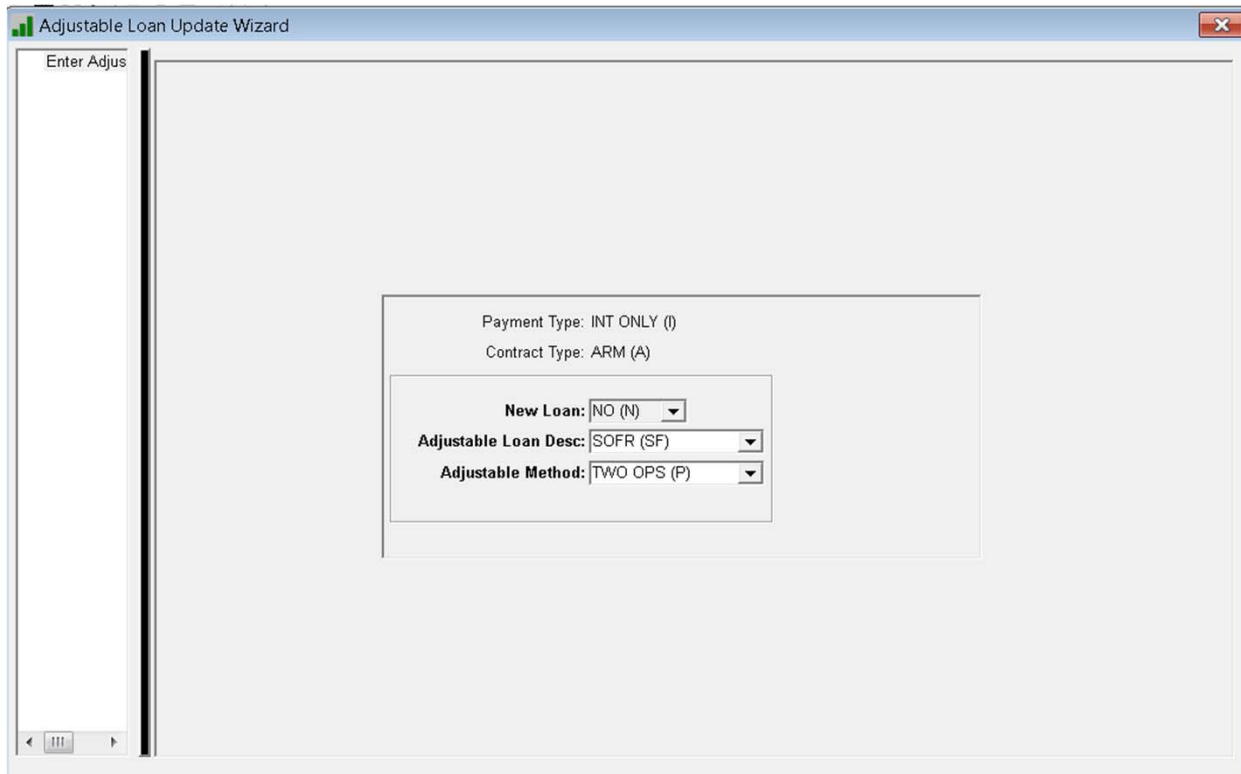
Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing
Balances/Processing
Contract
Esc/LateChg/Default
D.I.A.L.
Reporting
Tiered Service Fee
Period to Date(1)
Period to Date(2)
Commercial/Balloon
Interest Reserve
Valuation Analysis
Prepayment Premiums
Fee Information

Contract Information

Orig Prin Bal or LOC:	10,000,000.00	Original Loan to Value Ratio %:	.00
First Payment Due Date:	01/01/2019	Original Loan Date:	12/01/2018
Original Base Date:	01/01/2019	Loan Renewal Date:	00/00/0000
Term of Loan (Yrs/Mos):	30/00	Interest Basis:	365/ACT LY (A66)
Legal Maturity Date:	01/01/2049	Origination Points:	.00
Internal Maturity Date:	00/00/0000	Disable Auto Chg of Accounting Basis:	NO (N)
Contract Type:	ARM	# of Days to Stop Accrual:	90
Loan in Process:	NO (N)	Accounting Basis Method:	ACCRUAL (A)
Interest Rate %:	5.000000000000000	Holdback:	
Annual Percentage Rate %:	5.000000000000000		
Balloon:	YES (Y)		
Odd Days Interest Method:	Not Applicable		

Loan Administration>Master Info>Contract - Interest Basis Code

A screenshot of a software window titled "Adjustable Loan Update Wizard". The window has a standard Windows-style title bar with a green maximize button, a red close button, and a yellow minimize button. On the left side, there is a vertical pane with the text "Enter Adjust" at the top and a set of three small square icons at the bottom. The main area of the window is light gray and contains a central form. The form has a white background and a thin black border. Inside the form, the text "Payment Type: INT ONLY (I)" and "Contract Type: ARM (A)" are displayed. Below this, there is a section with three dropdown menus: "New Loan:" with a value of "NO (N)", "Adjustable Loan Desc:" with a value of "SOFR (SF)", and "Adjustable Method:" with a value of "TWO OPS (P)". Each dropdown menu has a small downward-pointing arrow on its right side.

Adjustable Module>Adjustable Loan Info>Update Info - Adjustable Loan Description (Your definition of Monthly Reviewable, SOFR Loan with Margin & Spread Adjustment), Adjustable Method (Two Ops (P)).

Adjustable Loan Update Wizard

Enter Adjust Loan Info

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF)
Adjustable Method: TWO OPS (P)
Payment Type: INT ONLY (I)
Contract Type: ARM (A)

Rate Information

Monthly or Daily Review: (M) MONTHLY
Rate Change Frequency: 1
Look Back Method: (B) BACK
Look Back Days For Rate Reviews:
Business Calendar: MFS BUSINE (001)
Use Business Calendar: Review Date: NO (N)
Rate Review Date: 01/01/2019
Use Business Calendar: Change Date: YES (Y)
Business Calendar Options: FORWARD (F)
Rate Change Date: 12/03/2018
Rate Chg Anniversary Date: 12/01/2018
Original Index %: .000000000000

New Interest Rate %: 5.000000000000
Previous Interest Rate %: .000000000000
New Rate Without Caps %:
Index Description: SOFR MONTH (SM)
New Index %: .000000000000
Previous Index %: .000000000000
of Rate Reviews to Date: 1
Maximum # Of Rate Reviews:
Option Date: 00/00/0000
Previous Review Date: 12/01/2018

P&I Payment Information

P&I Chg Freq: P&I Re-Amort Date: # of Payment Reviews to Date:
P&I Change Date: New P&I Payment: Rate Sched For P&I Pmt: NO (N)
P&I Re-Amort Freq: Prev P&I Payment: P&I Amortization "To" Date:

Notice Information

Print Notice: NO (N) Notice Days From Review: Print Notice Date:

Change Frequency (1), Look Back Method ((B) Back), Select your Business Calendar; Use Business Calendar: Review Date (No (N)); Rate Review Date (first rate review in your scenario); Use Business Calendar: Change Date (Yes (Y)); Business Calendar Options (Forward (F)); Rate Review Date (Strategy calculates based on Business Calendar); Rate Chg Anniversary Date (first rate change in your scenario). Index Description (Your Monthly Compound Interest in Advance 30 day term rate);

Adjustable Loan Update Wizard

Enter Adjust
Loan Info
Constants &

Adjustable Loan Information

New Loan: NO (N)
 Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
 Adjustable Method: TWO OPS (P) Contract Type: ARM (A)

Rate Information

Interest Rate Margin %:
 Rate Rounding Method:
 Rate Rounding Factor %:
 Original Interest Rate %: .000000000000
 Index Rounding Method:
 Index Rounding Factor %:
 Rate Floor & Ceiling Exp Date:
 Interest Rate Floor %: .000000000000
 Interest Rate Ceiling %: .000000000000

Rate Review Increase Cap %: .000000000000
 Rate Review Decrease Cap %: .000000000000
 Minimum Rate Adj Allowed %: .000000000000
 Starting Rate for This Period %:
 Period Rate Cap %:
 Math Operator #1: Addition
 Margin #1 %: .500000000000
 Math Operator #2: Addition
 Margin #2 %: .500000000000
 Status:

P&I Payment Information

P&I Payment Method:
 P&I Payment Cap Expiration Date:
 P&I Increase Cap %:
 P&I Decrease Cap %:
 Minimum Pmt Adj Allowed:

Round P&I Payment:
 P&I Increase Cap Amount:
 P&I Decrease Cap Amount:
 Master File Interest Basis: 365/ACT LY (A66)
 Interest Basis for P&I Calc:

Adjustable Module>Adjustable Loan Info>(Right Mouse)>Update Info>Loan Info>(NEXT)>Constants and Contraints -
 Operator #1 (Addition); Margin% #1 (enter the margin stated in loan documents); Operator #2 (Addition); Margin% #2 (enter
 the spread adjustment for the loan).

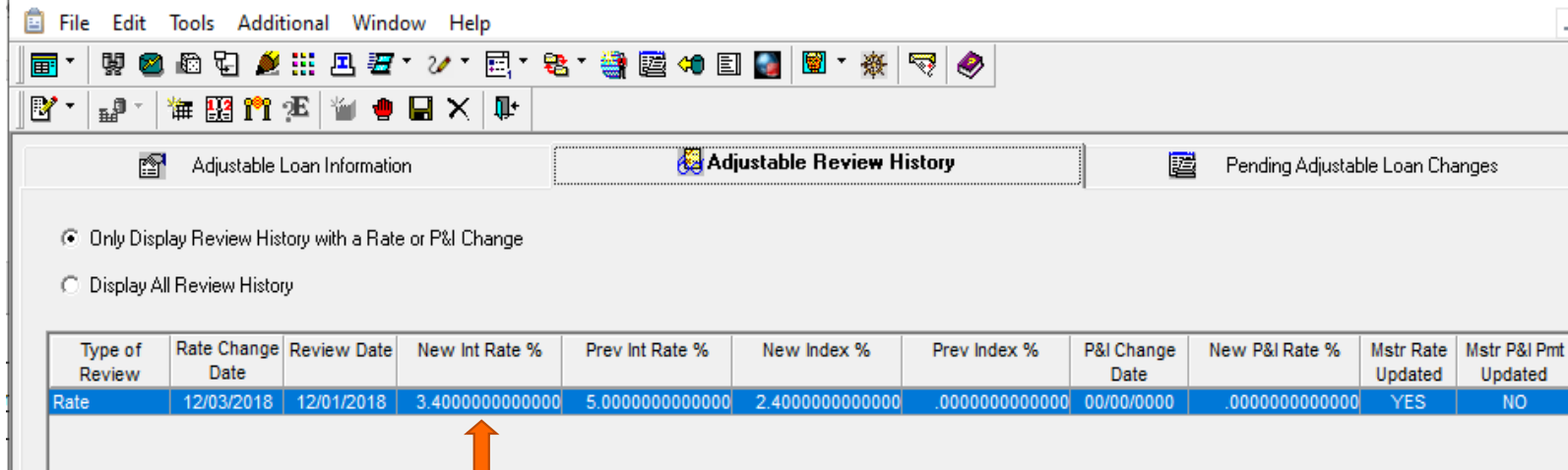
Expected Results

A	B	C	D	E	F	G	H	I	J
Interest Basis A66 Simple SOFR Monthly 30 day Margin .50% + Spread Adj .50%	Date	#days	Balance	Index	Margin (operator 1)	Spread Adj (Operator2)	Basis	Interest Rate E + F + G	Calculated Interest ((D * I) * C)/H
First Cycle with rate changes	Saturday, December 01, 2018	1	10,000,000.00			0.50000%	365	5.0000%	1,369.86
	Sunday, December 02, 2018	1	10,000,000.00			0.50000%	365	5.0000%	1,369.86
Rate Change	Monday, December 03, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Tuesday, December 04, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Wednesday, December 05, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Thursday, December 06, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Friday, December 07, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Saturday, December 08, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Sunday, December 09, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Monday, December 10, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Tuesday, December 11, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Wednesday, December 12, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Thursday, December 13, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Friday, December 14, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Saturday, December 15, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Sunday, December 16, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Monday, December 17, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Tuesday, December 18, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Wednesday, December 19, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Thursday, December 20, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Friday, December 21, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Saturday, December 22, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Sunday, December 23, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Monday, December 24, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Tuesday, December 25, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Wednesday, December 26, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Thursday, December 27, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Friday, December 28, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Saturday, December 29, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Sunday, December 30, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
	Monday, December 31, 2018	1	10,000,000.00	2.40000%	0.50000%	0.50000%	365	3.4000%	931.51
									29,753.42

Rate Changes will be visible in the Adjustable Rate Module>Adjustable Review History Tab>

Rates in column H of the spreadsheet should equal New Int Rate% shown on the Adjustable Rate History grid for the dates that the rate changed

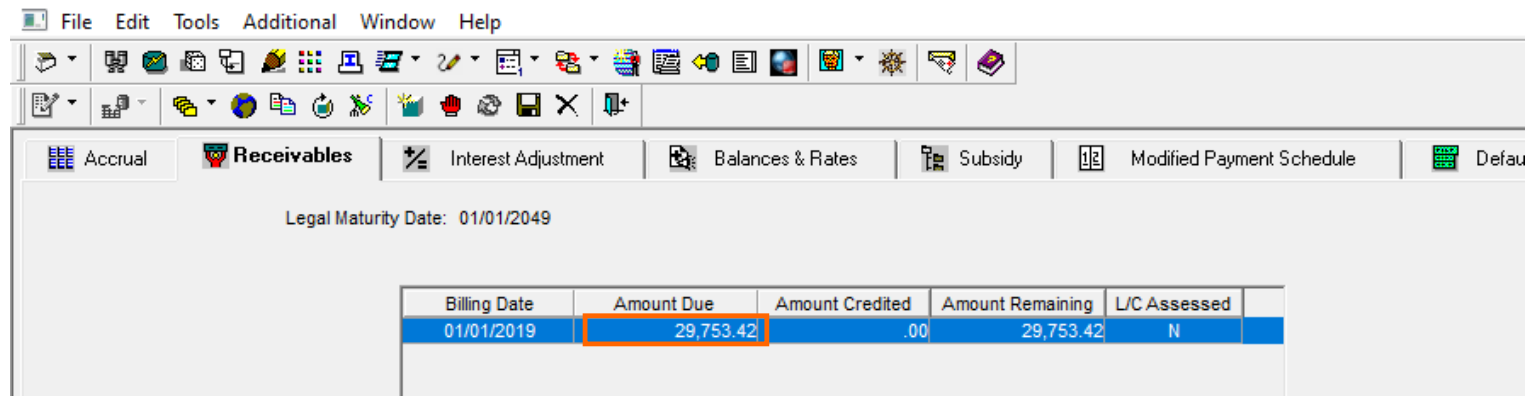
(Note that the radio button at the top of the Adjustable Rate History tab defaults to only show rate reviews that resulted in a rate change.)



Type of Review	Rate Change Date	Review Date	New Int Rate %	Prev Int Rate %	New Index %	Prev Index %	P&I Change Date	New P&I Rate %	Mstr Rate Updated	Mstr P&I Pmt Updated
Rate	12/03/2018	12/01/2018	3.40000000000000	5.00000000000000	2.40000000000000	.00000000000000	00/00/0000	.00000000000000	YES	NO

Adjustable Rate Module>Adjustable Review History tab.

Total of all interest calculations for the month in column I above should equal the Interest Receivable for the first of the next month.



Billing Date	Amount Due	Amount Credited	Amount Remaining	L/C Assessed
01/01/2019	29,753.42	.00	29,753.42	N

Billing Module>Receivables Tab (Most recent receivable is on top)

Use Case - Daily Reviewable Loan using Daily Simple SOFR Index with Margin Independent Accrual

Processing Adjustable Rate loans using a published rate is standard processing for Strategy. The ARRC and FRBNY are recommending the SOFR index be used as a replacement index for LIBOR. Whether you anticipate using the Forward Looking or Compounding in Advance term indices to be published based on the Secured Overnight Finance Rate, the processing of these loans is no different than when using a LIBOR index today. When working with Strategy you will maintain the Index value in the system, entering it daily for Daily Simple Interest, monthly for 30 day Term Rates, a quarterly for 90 day terms, and so on. When determining a new interest rate for the loan, on the review date Strategy will retrieve the Index value on the loan, reference any margins, ceilings and floors, rate change caps, etc. defined in the system and calculate a new rate.

This scenario tests the accrual of interest in arrears on a daily reviewable, interest only loan referencing the Daily Simple SOFR Rate. Loan due date is the 5th of the month but loan accrues the 1st through the 31st. The loan was set up and the library cycled through a month of processing to build the receivable for the next month. Index Values were updated during the processing for the month.

This Use Case considers a loan with the following characteristics:

Loan Balance: \$10,000,000.00
Loan Uses B66 Accrual Actual/360
Loan is Interest Only (I), and Accrues To the Due Date. Interest Only
Accrual/Due Date Options - Independent Accrual - 1-31st/ Payments Due on the 5th.
Accrual Start Date: 12/01/2018

Index: (Daily Simple Interest SOFR)	4.00%	12/1/2018 first day of scenario - first review date
Margin:	0.50%	
Spread Adjustment:		
Daily Reviewable Loan		
Review Frequency	1 (Every day)	
No Lookback		
No Business Calendar		
Floor%:		
Ceiling%:		
Loan cycled through the month of December		

Index Values used in this scenario are as follows:

Adjustable Loan Index Rates

Index Description: S3 SOFR DAILY

Base Index Low %: .5000000000000000 Base Index High %: 15.000000000000000

Effective Date	Index Rate%
12/28/2018	3.2500000000000000
12/22/2018	3.0000000000000000
12/19/2018	2.8750000000000000
12/14/2018	3.1250000000000000
12/11/2018	3.2500000000000000
12/07/2018	3.5000000000000000
12/05/2018	3.6250000000000000
12/03/2018	3.7500000000000000
12/01/2018	4.0000000000000000

Note: To speed the testing, all index values for the test period were entered prior to running the day ends to cycle the library forward. Index Rate changes were entered on the day that the rate changed before that dayend.

Adjustable Loan Module>Tools>Indexes>Select Index for Daily Simple SOFR>Right Click>Index Rates

STRATEGY CS - [Loan Administration => 080099101 [USD] - SOFR IA]

File Edit Tools Additional Window Help

Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing Balances/Processing Contract Esc/LateChg/Default D.I.A.L. Reporting Tiered Service Fee Period to Date(1) Period to Date(2) Commercial/Balloon Interest Reserve Valuation Analysis Prepayment Premiums Fee Information

Payment Information

Payment Frequency Indicator: MONTHLY (M) Bill/Payment Frequency: 1 Payment Type: INT ONLY (I) Contract Type: ARM (A) Business Calendar: MFS BUSINE (001) Use Business Cal for Due Date: Business Calendar Options: Accrual/Due Date Options: INDEP DUE (3) Bus Cal Options Accrual End Date: Accrual Follows Bus Cal Due Date: NO (N) Next Pmt Due Date w/o Bus Cal: 01/05/2019 Next Payment Due Date: 1/5/2019 Due Date for Delinquency: 01/05/2019 % of Principal (Pmt Type R): .0000000000000000 Simple Interest: NO (N)

Loan in Process: NO (N) Interest Rate%: 4.5000000000000000 Expanded Interest Rate%: .0000000000000000000000000000000000 Annual Percentage Rate%: 4.5000000000000000 Neg Amortization% Allowed: .00 Deposit Account# Subsidy: N Mod Pmt Sched on File: NO (N) Pmt App String: STANDARD (V99) Allow Partial Payments: NO (N) Principal & Interest Pmt: .00 Escrow 1 Payment: .00 Escrow 2 Payment: .00 Escrow 3 Payment: .00 Escrow 4 Payment: .00 Escrow 5 Payment: .00

Loan Administration>Master Info>Payment/Billing - Contract Type (ARM (A)); Payment Type (Int Only (I))
 Accrual Due Date Options: Indep Due (3); Next Pmt Due Date is 01/05/2019

File Edit Tools Additional Window Help

Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing Balances/Processing Contract Esc/LateChg/Default D.I.A.L. Reporting Tiered Service Fee Period to Date(1) Period to Date(2) Commercial/Balloon Interest Reserve Valuation Analysis Prepayment Premiums Fee Information

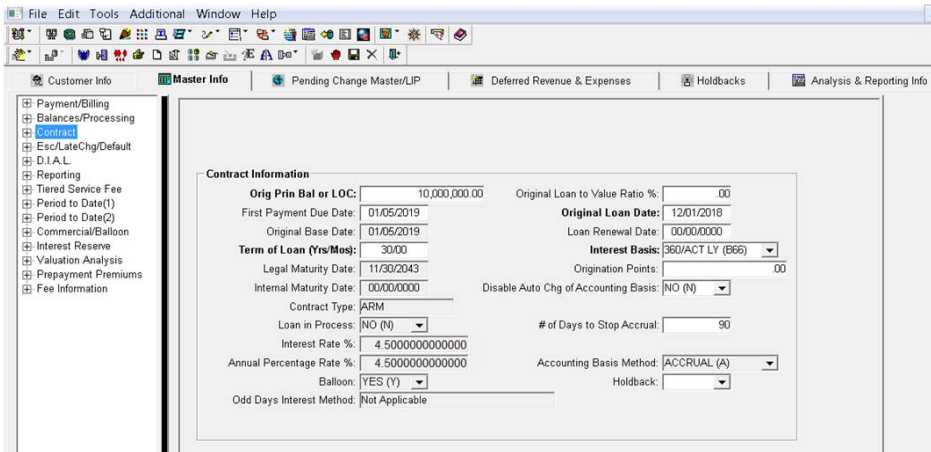
Balance Information

Date of Last Transaction: 12/14/2018 Escrow 5 Balance: .00 Current Principal Balance: 10,000,000.00 Suspense Escrow Balance: .00 Escrow 1 Balance: .00 Negative Amort Balance: .00 Escrow 2 Balance: .00 Late Charge Due: .00 Escrow 3 Balance: .00 Escrow 4 Balance: .00

Processing Information

Hold Code #1: Hold Code #2: Hold Code #3: G/L Company: MFS ARMS (06) Wrap Code: Payoff Date: 00/00/0000 Payment Status: NO PMT DUE (90) Loan Status #1: Loan Status #2: Lockbox Location Code: Lockbox Status: G/L Matrix: MFS ONE (MFS ONE) Active Status: (Y) YES

Loan Administration>Master Info>Balances/Processing - Current Principal Balance (\$10,000,000.00); Active Status ((Y) Yes)



File Edit Tools Additional Window Help

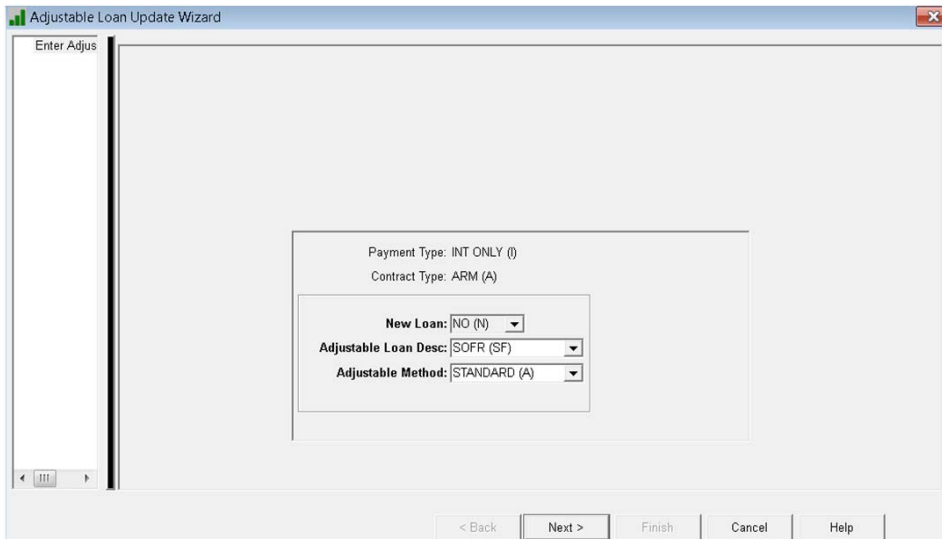
Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing
Balances/Processing
Contract
Esc/LateChg/Default
D.I.A.L.
Reporting
Tiered Service Fee
Period to Date(1)
Period to Date(2)
Commercial/Balloon
Interest Reserve
Valuation Analysis
Prepayment Premiums
Fee Information

Contract Information

Orig Prin Bal or LOC:	10,000,000.00	Original Loan to Value Ratio %:	.00
First Payment Due Date:	01/05/2019	Original Loan Date:	12/01/2018
Original Base Date:	01/05/2019	Loan Renewal Date:	00/00/0000
Term of Loan (Yrs/Mos):	30/00	Interest Basis:	360/ACT LY (B66)
Legal Maturity Date:	11/30/2043	Origination Points:	.00
Internal Maturity Date:	00/00/0000	Disable Auto Chg of Accounting Basis:	NO (N)
Contract Type:	ARM	# of Days to Stop Accrual:	90
Loan in Process:	NO (N)		
Interest Rate %:	4.50000000000000	Accounting Basis Method:	ACCRUAL (A)
Annual Percentage Rate %:	4.50000000000000	Holdback:	
Balloon:	YES (Y)		
Odd Days Interest Method:	Not Applicable		

Loan Administration>Master Info>Contract - Interest Basis Code



Adjustable Loan Update Wizard

Enter Adjust

Payment Type: INT ONLY (I)
Contract Type: ARM (A)

New Loan: NO (N)

Adjustable Loan Desc: SOFR (SF)

Adjustable Method: STANDARD (A)

< Back Next > Finish Cancel Help

Adjustable Module>Adjustable Loan Info>Update Info - Adjustable Loan Description (Your definition of Daily Reviewable, SOFR Loan with Floor), Adjustable Method (Standard (A)).

Adjustable Loan Update Wizard

Enter Adjust Loan Info

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
Adjustable Method: STANDARD (A) Contract Type: ARM (A)

Rate Information

Monthly or Daily Review: (D) DAILY
Rate Change Frequency: 1
Look Back Method: (N) N/A
Look Back Days For Rate Reviews:
Business Calendar:
Use Business Calendar: Review Date: NO (N)
Rate Review Date: 12/01/2018
Use Business Calendar: Change Date: NO (N)
Business Calendar Options:
Rate Change Date: 12/01/2018
Rate Chg Anniversary Date: 12/01/2018
Original Index %: .000000000000

New Interest Rate %: 4.500000000000
Previous Interest Rate %:
New Rate Without Caps %:
Index Description: SOFR DAILY (S3)
New Index %: 4.000000000000
Previous Index %:
of Rate Reviews to Date: 0
Maximum # Of Rate Reviews:
Option Date: 00/00/0000
Previous Review Date: 00/00/0000

P&I Payment Information

P&I Chg Freq: P&I Re-Amort Date: # of Payment Reviews to Date:
P&I Change Date: New P&I Payment: Rate Sched For P&I Pmt: NO (N)
P&I Re-Amort Freq: Prev P&I Payment: P&I Amortization "To" Date:

Notice Information

Print Notice: NO (N) Notice Days From Review: Print Notice Date:

Adjustable Loan Module>>Adjustable Loan Info>Update Info>Loan Info - Monthly or Daily Review ((D) Daily), Rate Change Frequency (1), Look Back Method ((N) N/A), Index Description (Your Daily Simple SOFR Index)

Adjustable Loan Update Wizard

Enter Adjust Loan Info
Constants

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
Adjustable Method: STANDARD (A) Contract Type: ARM (A)

Rate Information

Interest Rate Margin %: .500000000000
Rate Rounding Method:
Rate Rounding Factor %:
Original Interest Rate %: .000000000000
Index Rounding Method:
Index Rounding Factor %:
Rate Floor & Ceiling Exp Date:
Interest Rate Floor %: .000000000000
Interest Rate Ceiling %: .000000000000

Rate Review Increase Cap %: .000000000000
Rate Review Decrease Cap %: .000000000000
Minimum Rate Adj Allowed %: .000000000000
Starting Rate for This Period %:
Period Rate Cap %:
Math Operator #1:
Margin #1 %:
Math Operator #2:
Margin #2 %:
Status:

P&I Payment Information

P&I Payment Method: Round P&I Payment:
P&I Payment Cap Expiration Date: P&I Increase Cap Amount:
P&I Increase Cap %: P&I Decrease Cap Amount:
P&I Decrease Cap %: Master File Interest Basis: 360/ACT LY (B66)
Minimum Pmt Adj Allowed: Interest Basis for P&I Calc:

Adjustable Module>Adjustable Loan Info>(Right Mouse)>Update Info>Loan Info>(NEXT)>Constants and Contraints - Margin% (Enter Margin using)

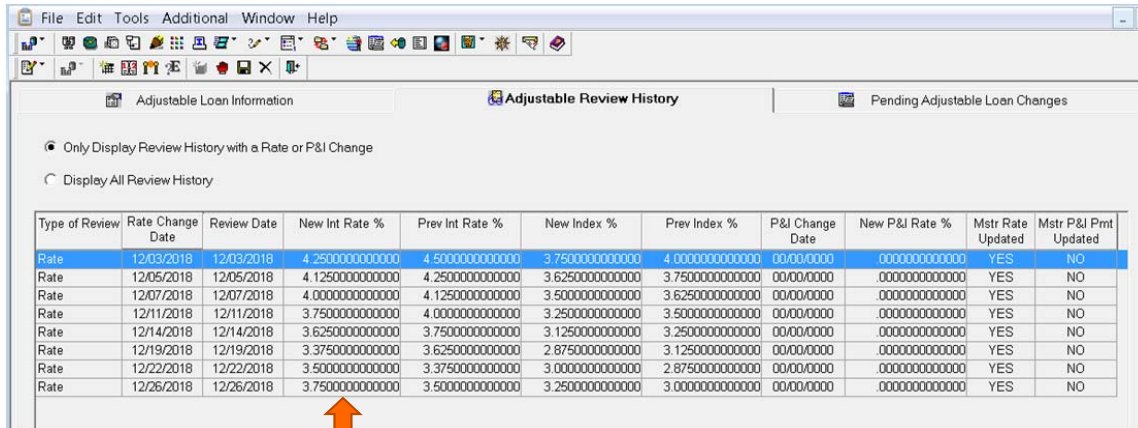
A	B	C	D	E	F	G	H	I
Loan Amount \$10,000,000.00 Interest Basis B66 Simple SOFR Daily Margin .50%	Date	#days	Balance	Index	Margin	Basis	Interest Rate E + F	Calculated Interest ((D*H)*C)/360
First Cycle with rate changes	Saturday, December 01, 2018	1	10,000,000.00	4.00000%	0.50000%	360	4.5000%	1,250.00
	Sunday, December 02, 2018	1	10,000,000.00	4.00000%	0.50000%	360	4.5000%	1,250.00
Rate Change	Monday, December 03, 2018	1	10,000,000.00	3.75000%	0.50000%	360	4.2500%	1,180.56
	Tuesday, December 04, 2018	1	10,000,000.00	3.75000%	0.50000%	360	4.2500%	1,180.56
Rate Change	Wednesday, December 05, 2018	1	10,000,000.00	3.62500%	0.50000%	360	4.1250%	1,145.83
	Thursday, December 06, 2018	1	10,000,000.00	3.62500%	0.50000%	360	4.1250%	1,145.83
Rate Change	Friday, December 07, 2018	1	10,000,000.00	3.50000%	0.50000%	360	4.0000%	1,111.11
	Saturday, December 08, 2018	1	10,000,000.00	3.50000%	0.50000%	360	4.0000%	1,111.11
	Sunday, December 09, 2018	1	10,000,000.00	3.50000%	0.50000%	360	4.0000%	1,111.11
	Monday, December 10, 2018	1	10,000,000.00	3.50000%	0.50000%	360	4.0000%	1,111.11
Rate Change	Tuesday, December 11, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
	Wednesday, December 12, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
	Thursday, December 13, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
Rate Change	Friday, December 14, 2018	1	10,000,000.00	3.12500%	0.50000%	360	3.6250%	1,006.94
	Saturday, December 15, 2018	1	10,000,000.00	3.12500%	0.50000%	360	3.6250%	1,006.94
	Sunday, December 16, 2018	1	10,000,000.00	3.12500%	0.50000%	360	3.6250%	1,006.94
	Monday, December 17, 2018	1	10,000,000.00	3.12500%	0.50000%	360	3.6250%	1,006.94
	Tuesday, December 18, 2018	1	10,000,000.00	3.12500%	0.50000%	360	3.6250%	1,006.94
Rate Change	Wednesday, December 19, 2018	1	10,000,000.00	2.87500%	0.50000%	360	3.3750%	937.50
	Thursday, December 20, 2018	1	10,000,000.00	2.87500%	0.50000%	360	3.3750%	937.50
	Friday, December 21, 2018	1	10,000,000.00	2.87500%	0.50000%	360	3.3750%	937.50
Rate Change	Saturday, December 22, 2018	1	10,000,000.00	3.00000%	0.50000%	360	3.5000%	972.22
	Sunday, December 23, 2018	1	10,000,000.00	3.00000%	0.50000%	360	3.5000%	972.22
	Monday, December 24, 2018	1	10,000,000.00	3.00000%	0.50000%	360	3.5000%	972.22
	Tuesday, December 25, 2018	1	10,000,000.00	3.00000%	0.50000%	360	3.5000%	972.22
Rate Change	Wednesday, December 26, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
	Thursday, December 27, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
	Friday, December 28, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
	Saturday, December 29, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
	Sunday, December 30, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
	Monday, December 31, 2018	1	10,000,000.00	3.25000%	0.50000%	360	3.7500%	1,041.67
1/5/19 receivable								32,708.33



Rate Changes will be visible in the Adjustable Rate Module>Adjustable Review History Tab>

Rates in column H of the spreadsheet should equal New Int Rate% shown on the Adjustable Rate History grid for the dates that the rate changed.

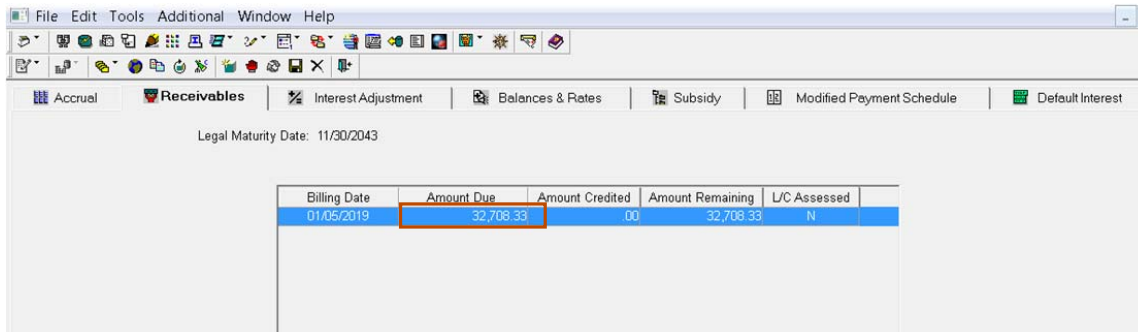
(Note that the radio button at the top of the Adjustable Rate History tab defaults to only show rate reviews that resulted in a rate change.)



Type of Review	Rate Change Date	Review Date	New Int Rate %	Prev Int Rate %	New Index %	Prev Index %	P&I Change Date	New P&I Rate %	Mstr Rate Updated	Mstr P&I Pmt Updated
Rate	12/03/2018	12/03/2018	4.25000000000000	4.50000000000000	3.75000000000000	4.00000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/05/2018	12/05/2018	4.12500000000000	4.25000000000000	3.62500000000000	3.75000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/07/2018	12/07/2018	4.00000000000000	4.12500000000000	3.50000000000000	3.62500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/11/2018	12/11/2018	3.75000000000000	4.00000000000000	3.25000000000000	3.50000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/14/2018	12/14/2018	3.62500000000000	3.75000000000000	3.12500000000000	3.25000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/19/2018	12/19/2018	3.37500000000000	3.62500000000000	2.87500000000000	3.12500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/22/2018	12/22/2018	3.50000000000000	3.37500000000000	3.00000000000000	2.87500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/26/2018	12/26/2018	3.75000000000000	3.50000000000000	3.25000000000000	3.00000000000000	00/00/0000	.00000000000000	YES	NO

Adjustable Rate Module>Adjustable Review History tab.

Total of all interest calculations for the month in column I above should equal the Interest Receivable for the first of the next month.



Billing Date	Amount Due	Amount Credited	Amount Remaining	UC Assessed
01/05/2019	32,708.33	.00	32,708.33	N

Billing Module>Receivables Tab (Most recent receivable is on top)

Use Case - Daily Reviewable Loan using Daily Simple SOFR Index with Margin & Spread Adjustment Independent Accrual

Processing Adjustable Rate loans using a published rate is standard processing for Strategy. The ARRC and FRBNY are recommending the SOFR index be used as a replacement index for LIBOR. Whether you anticipate using the Forward Looking or Compounding in Advance term indices to be published based on the Secured Overnight Finance Rate, the processing of these loans is no different than when using a LIBOR index today.

When working with Strategy you will maintain the Index value in the system, entering it daily for Daily Simple Interest, monthly for 30 day Term Rates, a quarterly for 90 day terms, and so on. When determining a new interest rate for the loan, on the review date Strategy will retrieve the Index value on the loan, reference any margins, ceilings and floors, rate change caps, etc. defined in the system and calculate a new rate.

This scenario tests the accrual of interest in arrears on a daily reviewable, interest only loan referencing the Daily Simple SOFR Rate. Loan due date is the 5th of the month but loan accrues the 1st through the 31st.

The loan was set up and the library cycled through a month of processing to build the receivable for the next month. Index Values were updated during the processing for the month.

This Use Case considers a loan with the following characteristics:

Loan Balance: \$10,000,000.00
Loan Uses B66 Accrual Actual/360
Loan is Interest Only (I), and Accrues To the Due Date. Interest Only
Accrual/Due Date Options - Independent Accrual - 1-31st/ Payments Due on the 5th.
Accrual Start Date: 12/01/2018

Index: (Daily Simple Interest SOFR)	4.00%	12/1/2018 first day of scenario - first review date
Margin:	0.50%	
Spread Adjustment:	0.25%	
Daily Reviewable Loan		
Review Frequency	1 (Every day)	
No Lookback		
No Business Calendar		
Floor%:		
Ceiling%:		
Loan cycled through the month of December		

Index Values used in this scenario are as follows:

Adjustable Loan Index Rates

Index Description: S3 SOFR DAILY

Base Index Low %: .5000000000000000 Base Index High %: 15.000000000000000

Effective Date	Index Rate%
12/28/2018	3.2500000000000000
12/22/2018	3.0000000000000000
12/19/2018	2.8750000000000000
12/14/2018	3.1250000000000000
12/11/2018	3.2500000000000000
12/07/2018	3.5000000000000000
12/05/2018	3.6250000000000000
12/03/2018	3.7500000000000000
12/01/2018	4.0000000000000000

Note: To speed the testing, all index values for the test period were entered prior to running the day ends to cycle the library forward.

Adjustable Loan Module>Tools>Indexes>Select Index for Daily Simple SOFR>Right Click>Index Rates

STRATEGY CS - [Loan Administration => 080099101 [USD] - SOFR 1A]

File Edit Tools Additional Window Help

Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing Balances/Processing Contract Esc/LateChg/Default D.I.A.L. Reporting Tiered Service Fee Period to Date(1) Period to Date(2) Commercial/Balloon Interest Reserve Valuation Analysis Prepayment Premiums Fee Information

Payment Information

Payment Frequency Indicator: MONTHLY (M) Bill/Payment Frequency: 1 Payment Type: INT ONLY (I) Contract Type: ARM (A) Business Calendar: MFS BUSINE (001) Use Business Cal for Due Date: Business Calendar Options: Accrual/Due Date Options: INDEP DUE (3) Bus Cal Options Accrual End Date: Accrual Follows Bus Cal Due Date: NO (N) Next Pmt Due Date w/o Bus Cal: 01/05/2019 Next Payment Due Date: 1/5/2019 Due Date for Delinquency: 01/05/2019 % of Principal (Pmt Type R): .0000000000000000 Simple Interest: NO (N)

Loan in Process: NO (N) Interest Rate%: 4.5000000000000000 Expanded Interest Rate%: .0000000000000000000000000000000000 Annual Percentage Rate%: 4.5000000000000000 Neg Amortization% Allowed: .00 Deposit Account#: Subsidy: N Mod Pmt Sched on File: NO (N) Pmt App String: STANDARD (V99) Allow Partial Payments: NO (N) Principal & Interest Pmt: .00 Escrow 1 Payment: .00 Escrow 2 Payment: .00 Escrow 3 Payment: .00 Escrow 4 Payment: .00 Escrow 5 Payment: .00

Loan Administration>Master Info>Payment/Billing - Contract Type (ARM (A)); Payment Type (Int Only (I))
Accrual Due Date Options: Indep Due (3); Next Pmt Due Date is 01/05/2019

File Edit Tools Additional Window Help

Customer Info Master Info Pending Change Master/LIP Deferred Revenue & Expenses Holdbacks Analysis & Reporting Info

Payment/Billing Balances/Processing Contract Esc/LateChg/Default D.I.A.L. Reporting Tiered Service Fee Period to Date(1) Period to Date(2) Commercial/Balloon Interest Reserve Valuation Analysis Prepayment Premiums Fee Information

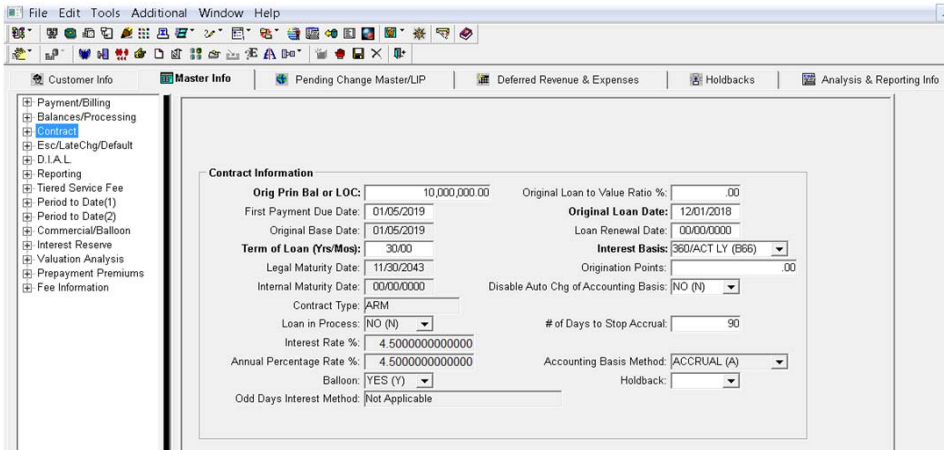
Balance Information

Date of Last Transaction: 12/14/2018 Escrow 5 Balance: .00
Current Principal Balance: 10,000,000.00 Suspense Escrow Balance: .00
Escrow 1 Balance: .00 Negative Amort Balance: .00
Escrow 2 Balance: .00 Late Charge Due: .00
Escrow 3 Balance: .00
Escrow 4 Balance: .00

Processing Information

Hold Code #1: Hold Code #2: Hold Code #3: G/L Company: MFS ARMS (08) Wrap Code: 00/00/0000 Payoff Date: Payment Status: NO PMT DUE (60) Loan Status #1: Loan Status #2: Lockbox Location Code: 0 Lockbox Status: G/L Matrix: MFS ONE (MFS ONE) Active Status: (Y) YES

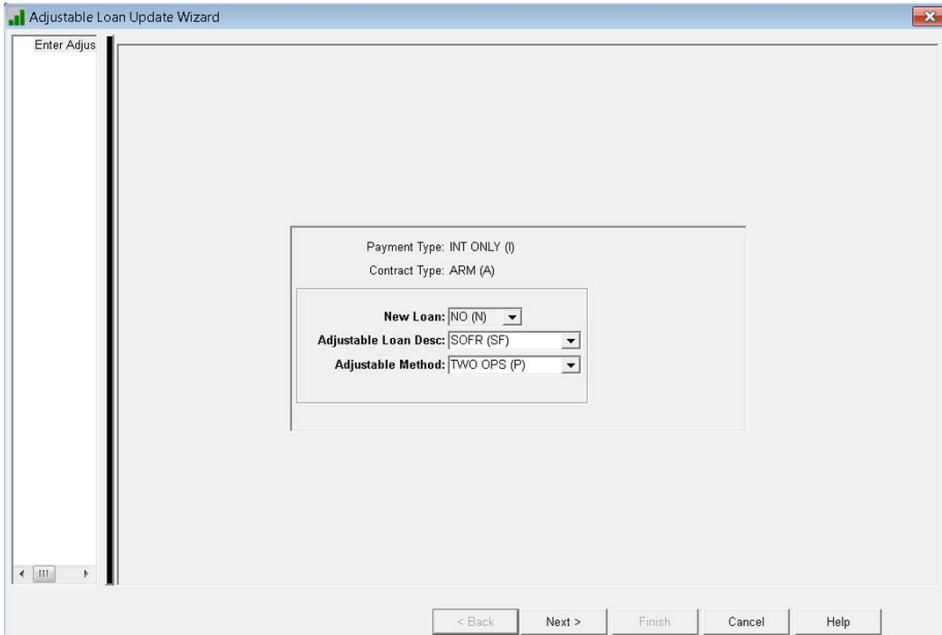
Loan Administration>Master Info>Balances/Processing - Current Principal Balance (\$10,000,000.00); Active Status ((Y) Yes)



The screenshot shows the 'Master Info' window with the 'Contract' tab selected. The 'Contract Information' section contains the following fields:

Orig Prin Bal or LOC:	10,000,000.00	Original Loan to Value Ratio %:	.00
First Payment Due Date:	01/05/2019	Original Loan Date:	12/01/2018
Original Base Date:	01/05/2019	Loan Renewal Date:	00/00/0000
Term of Loan (Yrs/Mos):	30/00	Interest Basis:	360/ACT LY (B66)
Legal Maturity Date:	11/30/2043	Origination Points:	.00
Internal Maturity Date:	00/00/0000	Disable Auto Chg of Accounting Basis:	NO (N)
Contract Type:	ARM	# of Days to Stop Accrual:	90
Loan in Process:	NO (N)	Accounting Basis Method:	ACCRUAL (A)
Interest Rate %:	4.50000000000000	Holdback:	
Annual Percentage Rate %:	4.50000000000000		
Balloon:	YES (Y)		
Odd Days Interest Method:	Not Applicable		

Loan Administration>Master Info>Contract - Interest Basis Code



The screenshot shows the 'Adjustable Loan Update Wizard' window. The 'Enter Adjust' section contains the following fields:

Payment Type:	INT ONLY (I)
Contract Type:	ARM (A)
New Loan:	NO (N)
Adjustable Loan Desc:	SOFR (SF)
Adjustable Method:	TWO OPS (P)

Navigation buttons at the bottom: < Back, Next >, Finish, Cancel, Help.

Adjustable Module>Adjustable Loan Info>Update Info - Adjustable Loan Description (Your definition of Daily Reviewable, SOFR Loan with Floor), Adjustable Method (Two Ops (P)).

Adjustable Loan Update Wizard

Enter Adjust Loan Info

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
Adjustable Method: TWO OPS (P) Contract Type: ARM (A)

Rate Information

Monthly or Daily Review: (D) DAILY
Rate Change Frequency: 1
Look Back Method: (N) N/A
Look Back Days For Rate Reviews:
Business Calendar:
Use Business Calendar: Review Date: NO (N)
Rate Review Date: 12/01/2018
Use Business Calendar: Change Date: NO (N)
Business Calendar Options:
Rate Change Date: 12/01/2018
Rate Chg Anniversary Date: 12/01/2018
Original Index %: .000000000000

New Interest Rate %: 4.750000000000
Previous Interest Rate %:
New Rate Without Caps %:
Index Description: SOFR DAILY (S3)
New Index %: 4.000000000000
Previous Index %:
of Rate Reviews to Date: 0
Maximum # Of Rate Reviews:
Option Date: 00/00/0000
Previous Review Date: 00/00/0000

P&I Payment Information

P&I Chg Freq: P&I Re-Amort Date: # of Payment Reviews to Date:
P&I Change Date: New P&I Payment: Rate Sched For P&I Pmt: NO (N)
P&I Re-Amort Freq: Prev P&I Payment: P&I Amortization "To" Date:

Notice Information

Print Notice: NO (N) Notice Days From Review: Print Notice Date:

Adjustable Loan Module>>Adjustable Loan Info>Update Info>Loan Info - Monthly or Daily Review ((D) Daily), Rate Change Frequency (1), Look Back Method ((N) N/A), Index Description (Your Daily Simple SOFR Index)

Adjustable Loan Update Wizard

Enter Adjust Loan Info Constants

Adjustable Loan Information

New Loan: NO (N)
Adjustable Loan Desc: SOFR (SF) Payment Type: INT ONLY (I)
Adjustable Method: TWO OPS (P) Contract Type: ARM (A)

Rate Information

Interest Rate Margin %:
Rate Rounding Method:
Rate Rounding Factor %:
Original Interest Rate %: .000000000000
Index Rounding Method:
Index Rounding Factor %:
Rate Floor & Ceiling Exp Date:
Interest Rate Floor %: .000000000000
Interest Rate Ceiling %: .000000000000

Rate Review Increase Cap %: .000000000000
Rate Review Decrease Cap %: .000000000000
Minimum Rate Adj Allowed %: .000000000000
Starting Rate for This Period %:
Period Rate Cap %:
Math Operator #1: Addition
Margin #1 %: .500000000000
Math Operator #2: Addition
Margin #2 %: .250000000000
Status:

P&I Payment Information

P&I Payment Method: Round P&I Payment:
P&I Payment Cap Expiration Date: P&I Increase Cap Amount:
P&I Increase Cap %: P&I Decrease Cap Amount:
P&I Decrease Cap %: Master File Interest Basis: 360/ACT LY (B66)
Minimum Pmt Adj Allowed: Interest Basis for P&I Calc:

Adjustable Module>Adjustable Loan Info>(Right Mouse)>Update Info>Loan Info>(NEXT)>Constants and Constraints - Math Operator #1 (Addition); Margin #1% (Enter Margin); Math Operator #2 (Addition); Margin #2% (Enter Spread Adjustment)

Independent Accrual

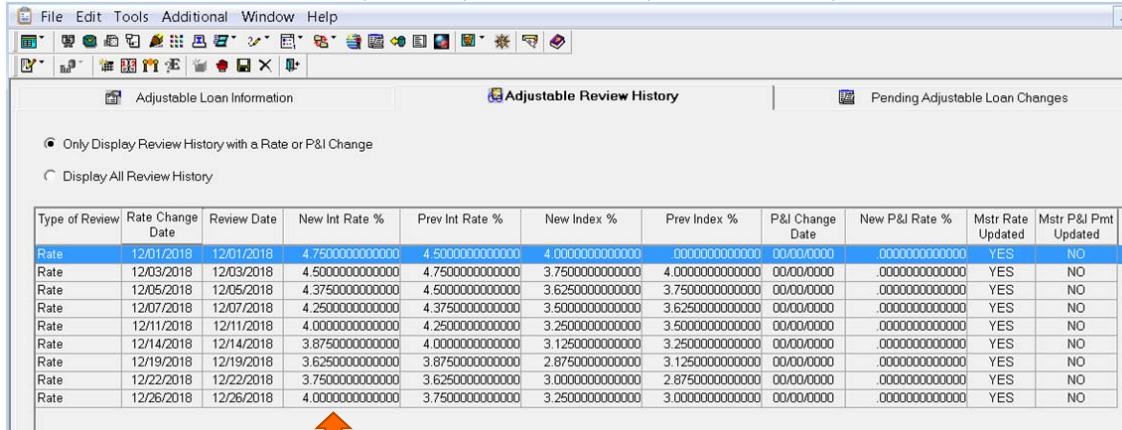
Expected Results

A	B	C	D	E	F	G	H	I	J
Loan Amount \$10,000,000.00 Interest Basis B66 Simple SOFR Daily Margin .50% + Spread Adj .250%	Date	#days	Balance	Index	Margin (Margin #1 %)	Spread Adj (Margin #2 %)	Basis	Interest Rate (E+F+G)	Calculated Interest ((D*C)*I)/H
First Cycle with rate changes	Saturday, December 01, 2018	1	10,000,000.00	4.00000%	0.50000%	0.25000%	360	4.75000%	1,319.44
	Sunday, December 02, 2018	1	10,000,000.00	4.00000%	0.50000%	0.25000%	360	4.75000%	1,319.44
Rate Change	Monday, December 03, 2018	1	10,000,000.00	3.75000%	0.50000%	0.25000%	360	4.50000%	1,250.00
	Tuesday, December 04, 2018	1	10,000,000.00	3.75000%	0.50000%	0.25000%	360	4.50000%	1,250.00
	Wednesday, December 05, 2018	1	10,000,000.00	3.62500%	0.50000%	0.25000%	360	4.37500%	1,215.28
	Thursday, December 06, 2018	1	10,000,000.00	3.62500%	0.50000%	0.25000%	360	4.37500%	1,215.28
	Friday, December 07, 2018	1	10,000,000.00	3.50000%	0.50000%	0.25000%	360	4.25000%	1,180.56
	Saturday, December 08, 2018	1	10,000,000.00	3.50000%	0.50000%	0.25000%	360	4.25000%	1,180.56
	Sunday, December 09, 2018	1	10,000,000.00	3.50000%	0.50000%	0.25000%	360	4.25000%	1,180.56
	Monday, December 10, 2018	1	10,000,000.00	3.50000%	0.50000%	0.25000%	360	4.25000%	1,180.56
	Tuesday, December 11, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
	Wednesday, December 12, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
	Thursday, December 13, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
	Friday, December 14, 2018	1	10,000,000.00	3.12500%	0.50000%	0.25000%	360	3.87500%	1,076.39
	Saturday, December 15, 2018	1	10,000,000.00	3.12500%	0.50000%	0.25000%	360	3.87500%	1,076.39
	Sunday, December 16, 2018	1	10,000,000.00	3.12500%	0.50000%	0.25000%	360	3.87500%	1,076.39
	Monday, December 17, 2018	1	10,000,000.00	3.12500%	0.50000%	0.25000%	360	3.87500%	1,076.39
	Tuesday, December 18, 2018	1	10,000,000.00	3.12500%	0.50000%	0.25000%	360	3.87500%	1,076.39
	Wednesday, December 19, 2018	1	10,000,000.00	2.87500%	0.50000%	0.25000%	360	3.62500%	1,006.94
	Thursday, December 20, 2018	1	10,000,000.00	2.87500%	0.50000%	0.25000%	360	3.62500%	1,006.94
	Friday, December 21, 2018	1	10,000,000.00	2.87500%	0.50000%	0.25000%	360	3.62500%	1,006.94
	Saturday, December 22, 2018	1	10,000,000.00	3.00000%	0.50000%	0.25000%	360	3.75000%	1,041.67
	Sunday, December 23, 2018	1	10,000,000.00	3.00000%	0.50000%	0.25000%	360	3.75000%	1,041.67
	Monday, December 24, 2018	1	10,000,000.00	3.00000%	0.50000%	0.25000%	360	3.75000%	1,041.67
	Tuesday, December 25, 2018	1	10,000,000.00	3.00000%	0.50000%	0.25000%	360	3.75000%	1,041.67
	Wednesday, December 26, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
	Thursday, December 27, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
	Friday, December 28, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
	Saturday, December 29, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
	Sunday, December 30, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
	Monday, December 31, 2018	1	10,000,000.00	3.25000%	0.50000%	0.25000%	360	4.00000%	1,111.11
1/5/19 receivable									34,861.11

Rate Changes will be visible in the Adjustable Rate Module>Adjustable Review History Tab>

Rates in column H of the spreadsheet should equal New Int Rate% shown on the Adjustable Rate History grid for the dates that the rate changed.

(Note that the radio button at the top of the Adjustable Rate History tab defaults to only show rate reviews that resulted in a rate change.)

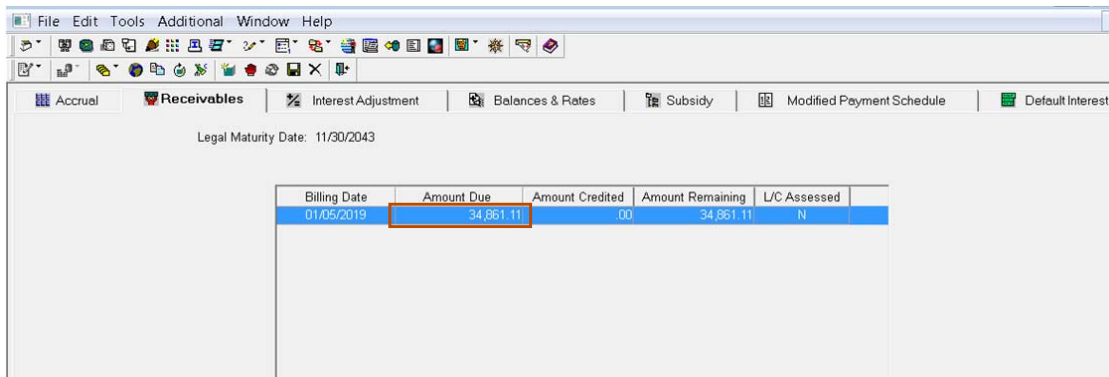


Type of Review	Rate Change Date	Review Date	New Int Rate %	Prev Int Rate %	New Index %	Prev Index %	P&I Change Date	New P&I Rate %	Mstr Rate Updated	Mstr P&I Pmt Updated
Rate	12/01/2018	12/01/2018	4.75000000000000	4.50000000000000	4.00000000000000	0.00000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/03/2018	12/03/2018	4.50000000000000	4.75000000000000	3.75000000000000	4.00000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/05/2018	12/05/2018	4.37500000000000	4.50000000000000	3.62500000000000	3.75000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/07/2018	12/07/2018	4.25000000000000	4.37500000000000	3.50000000000000	3.62500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/11/2018	12/11/2018	4.00000000000000	4.25000000000000	3.25000000000000	3.50000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/14/2018	12/14/2018	3.87500000000000	4.00000000000000	3.12500000000000	3.25000000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/19/2018	12/19/2018	3.62500000000000	3.87500000000000	2.87500000000000	3.12500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/22/2018	12/22/2018	3.75000000000000	3.62500000000000	3.00000000000000	2.87500000000000	00/00/0000	.00000000000000	YES	NO
Rate	12/26/2018	12/26/2018	4.00000000000000	3.75000000000000	3.25000000000000	3.00000000000000	00/00/0000	.00000000000000	YES	NO

Adjustable Rate Module>Adjustable Review History tab.

Adjustable Rate Module>Adjustable Review History Tab>

Total of all interest calculations for the month in column I above should equal the Interest Receivable for the fifth of the next month.



Billing Date	Amount Due	Amount Credited	Amount Remaining	L/C Assessed
01/05/2019	34,861.11	.00	34,861.11	N

Billing Module>Receivables Tab (Most recent receivable is on top)