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# Payment Deferral Discussions

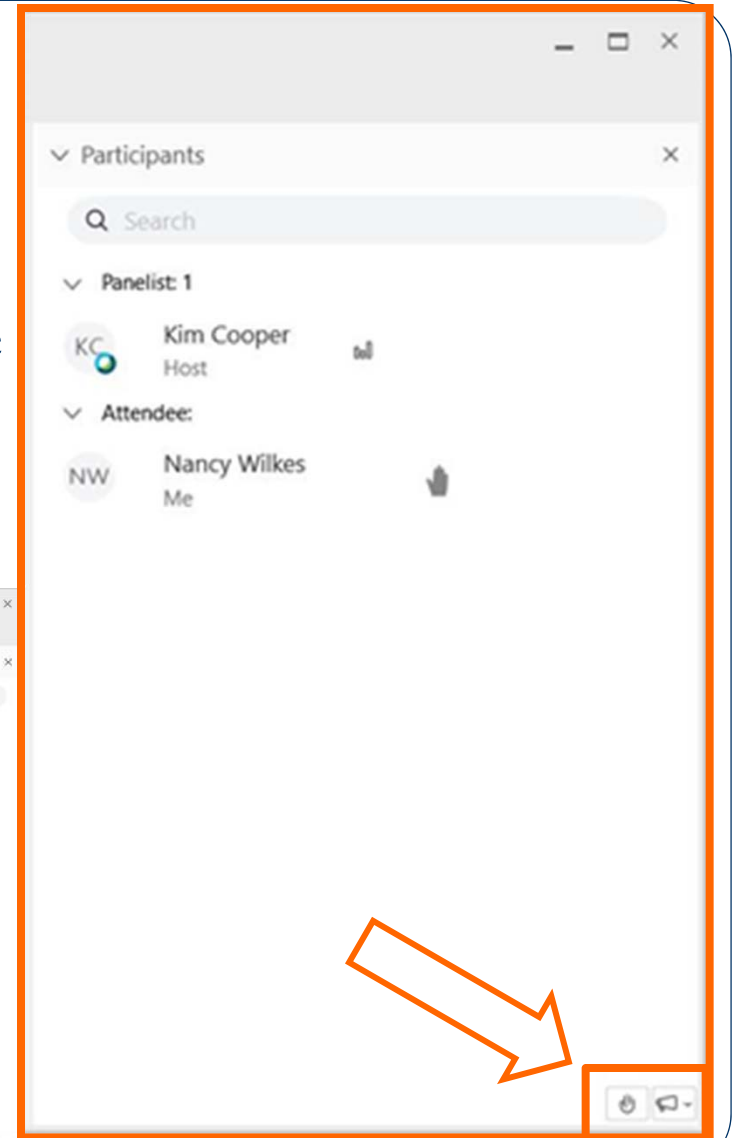
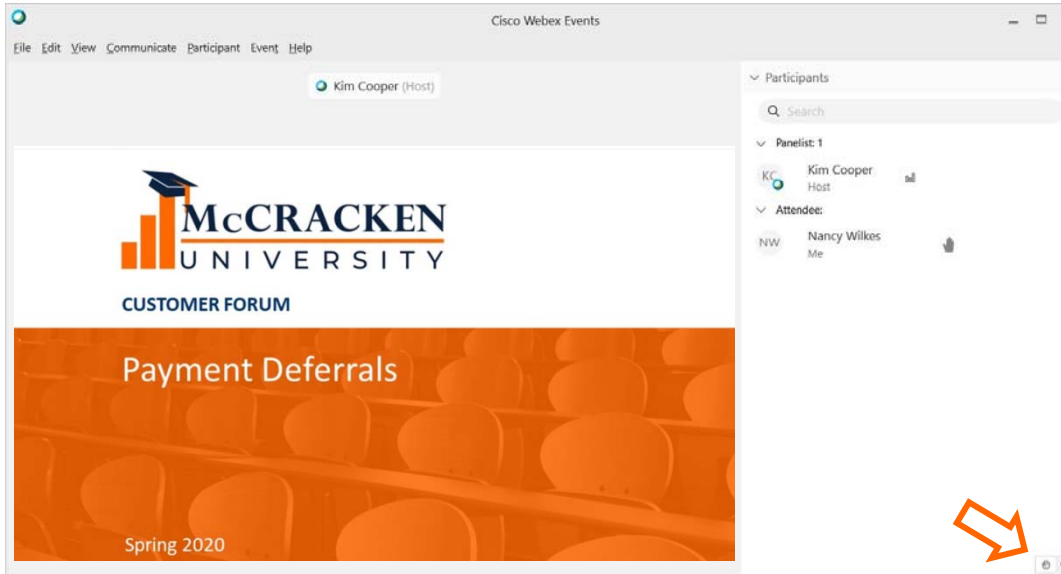
## April 23, 2020

Review Deferred Scenarios  
Discuss Topics for next WebEx



# Before We Start

- Please 'Raise Your Hand' to be recognized.
- If you do not see the Participants panel use the 'More options and controls' arrow to 'Show Panels'



# Agenda

- Review Scenarios
- Discussion
- Next Webinar

# Review Deferral Scenarios

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1. Waive full payment (Principal, Interest, Escrow & Reserves) – repayment will not occur or will be decided later.
2. Defer full payment (P, I, E & R), repayment will not be spread or has not yet been determined. Re-payment could be collected at once or at maturity.
3. Defer full payment (P,I,E & R), repayment will be spread over future monthly payments.
4. Defer P&I, Escrow payments will still be required.
5. Defer Interest using Strategy DIAL scenario (Principal and Escrow may or may not still be required).

# Scenario #1

- Defer full payment (P, I, E & R).
- Repayment will not occur or will be decided later
  - No need to track each deferred payment

*MFS has not heard from any  
customers that have this scenario  
at this time*

## Scenarios #2 & 3

- Defer full payment (P, I, E & R)
- Track amounts deferred amounts each month
- Re-payment
  - will not be spread or has not yet been determined, or
  - collected at once or at maturity

# Scenarios 2 & 3

- *Processing in STRATEGY*
  - Each month, change the *Next Payment Due Date* and *Due Date for Delinquency* after the payment due date has passed
  - Change PAT loans to Bypass
  - Consider adding hold code
  - Repeat this method monthly for each subsequent receivable until repayment is determined
    - Mapping Tool available to change these dates in Loan Administration
      - Recommended if number of loans is large

# Scenarios 2 & 3

- *What you will see in STRATEGY*
  - Receivables will be created for each month and will show as not collected
  - Accruals will occur
  - Standard billing programs will show current amount due, past due amount and total amount due (both amounts)



## Scenario #4

- Defer Principal and Interest
- Escrow and/or Reserve payments required
- Payments applied using Horizontal Payment Strings

# Scenarios 4

- *Processing in STRATEGY*
  - Set up a new horizontal payment string that will direct the due date and due date for delinquency to be advanced based on collection of escrow/reserves
    - It is optional to advance the Due Date for Delinquency
  - Update System Control Transactions Record - Payment String Recognition of Receivables
    - Set to Allow Payments to post on the Due Date but not before
  - Change Loan to Collect Partial Payment = Y
  - Change Payment String method in Loan Administration
  - Change PAT record to Bypass to avoid exceptions
    - PAT will not process partial payments

# Scenarios 4

- *What you will see in STRATEGY*
  - Amortizing loans will continue to amortize; principal and interest due will be calculated using the scheduled balance
  - Receivables will be created for each month with the full amount of P&I, E, R and will show only escrow and reserves collected (or whichever escrow has been paid)
  - Accruals will occur
  - Standard billing programs will show current amount due, past due amount and total amount due (both amounts)

## Scenario #5

- Defer Interest using DIAL
- Deferred Interest stored for later collection
  - Collect at payoff
  - DIAL recapture payments
- Principal and Escrow payments may still be required

# Scenario #5

- *Processing in STRATEGY*

- Process Rate change to change Loan Rate to 0% and DIAL rate to what the loan rate was
- Set up DIAL terms in Loan Administration
  - Ex. – defer and store until later date, capitalize, compound, defer to another loan balance
- May need to process interest adjustments for uncollected receivables
- Confirm the DIAL G/L account numbers in the applicable G/L Matrices
- If first time using DIAL, confirm the DIAL Transactions types are set up to report and display
- Check with support to make sure DIAL programs are correctly placed in the job streams for day end and month end processing
- DIAL accrual entries occur at month end – review g/l interface for inclusion
- If there is no payment due (no principal, escrow or reserves), the payment due date will need to be changed manually after the payment due date
  - Consider using mapping tool

## Scenario #5

- *What you will see in STRATEGY*
  - Receivables will be created with no interest due
  - Monthly bills will generate if another component is due and certain bills will include the DIAL amounts as memo items
  - Due Dates will roll as long as there is another component due
  - DIAL Accrued Interest posted at month end, not day end
  - Accrual record will not have pay rate interest amount – there will be no pier diem
  - Other transaction activity will occur if the loan is set up to capitalize

# Other Items to Consider for all Scenarios

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# Deferred Revenue/Expense

- Decide if income/expense should be recognized during the deferral period
  - If not recognizing income /expense
    - Change the Amortization Start Date in each deferral record to a future date
- Decide if the income/expense should be calculated on schedule or actual balance
  - This is a system control setting and will effect all records with the Level Yield Method



# Late Charges

- Is it necessary to waive late charges for payments not received?
- Is it necessary to change the late charge terms for the loan?

# Investors

- Is payment advancing required?
  - Loans setup with a scheduled/scheduled investors will work automatically.

# **Taxes Disbursements & Insurance Premiums paid by Servicer**

- Corp Cash advances will occur if balances go negative
- Consider System Control setting for allowable negative balances

# Topics for next Webex

- Repayment Methods – review scenarios that have presented to MFS
- GSE Requirements – a discussion forum

# Discussion





**Thank you for attending our Forum.**



