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## McCRACKEN ADVISORY COUNCIL

Denise Pappu, Chairperson  
TJ Arrowsmith, Vice-Chairperson  
Jason Kamienski  
Deri Rowe

Chris Fielder  
Biren Mahendran  
Kendra German

### Quarterly Meeting Summary – July 20th, 2021, 4:00 pm ET

#### Agenda:

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## Agenda



Subcommittees

McCracken University

Release Update

Discussion Points

- SOFR
- Check writing

2021 Conference Reminder

The Future of Strategy

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Denise Pappu welcomed everyone and thanked them for joining.

The MAC Board welcomed their newest member, Deri Rowe from Columbia National. The board thanked her for volunteering and looks forward to working with her.

### Subcommittees in 2021

Meeting began with an update on the four subcommittees that MAC is offering.

#### General/Investor Reporting Subcommittee

General / Investor Reporting will meet August 11<sup>th</sup>. Several projects in the works. Related documents are on the website for review. Please offer any input related to:

Collateral Purging – A [requirements document](#) is available on the web. Please review for discussion at the next meeting.

Ginnie Mae Construction Pool Reporting – Karla is looking for input on the [BRD Requirements](#) and [Ginnie Mae Test Cases](#).

Investor Transfer – Karen has published the [Investor Transfer](#) scenarios received. Please review and provide any additional requirements. Information provided will be passed to McCracken for development.

The General/Investor Reporting Subcommittee has been and will continue in the meeting in August reviewing the Enhancement List to talk through items like the Collateral Purge to get them moving forward.

For those interested in Ginnie Mae Construction Loans, Karla is still looking for input on a few requirements. Visit the MAC webpage to review the outstanding items. '[GNMA BRD Requirements Needing More Information – Oct 16, 2019](#)' and '[GNMA Test Cases](#)'.

Reach out to Denise Pappu or Kim Cooper for more information.

## Web Subcommittee

Web Subcommittee met June 30<sup>th</sup> and walked through the listing of [prioritized enhancements](#) getting a little more than halfway through the list. Hope is to finish off the list in the next meeting August 18<sup>th</sup>. Denise Pappu encouraged everyone to participate in the Web subcommittee and provide their input into enhancements. The next meeting is 2:00 pm.

## Transactional Subcommittee

Transaction Subcommittee deals with accounting topics and Risk Based Accounting and will be led by Biren Mahendran and Jason Kamienski. The Transactional subcommittee met for the first time this year on May 12<sup>th</sup> at 2 pm Eastern and began going through the enhancement listing. The MAC Board has been reviewing the topics that will be covered by this session in an attempt to focus the committee a little more. The next meeting will be on September 15<sup>th</sup> at 2:00 pm ET.

## Escrow Subcommittee

The Escrow subcommittee met in May and will meet again tomorrow, June 21<sup>st</sup> at 2:00 pm. The committee began reviewing the [enhancement requests for escrow](#) identifying some items that may be duplicative or already fixed. The committee will continue their review tomorrow, and then will begin to move into defining requirements for the items that they prioritized.

Denise Pappu reminded everyone that the Meeting Summaries and Notes are available on the McCracken website. <https://www.mccrackenfsc.com/support-center/mccracken-advisory-council/>.

The screenshot shows the McCracken Advisory Council website. At the top is a navigation bar with links: PRODUCTS, SERVICES, CONTACT US, and OUR COMPANY. Below this is a calendar for February 2021. A red box highlights the date February 10th, which is marked with a red dot. An arrow points from this date to a detailed event description box. The event is titled 'MAC General / Investor Reporting Subcommittee' and is scheduled for Wednesday, Feb 10th, 2:00pm - 5:00pm. The description states: 'McCracken Advisory Council subcommittee will cover topics related to Security and Compliance, Reporting and Investor Reporting. Topics will be sent out 2 days prior to the meeting.' Below the calendar, there is a section titled 'Events from Apr 20th' which lists several upcoming meetings with their dates and times. A text box on the right side of the screenshot states: 'You can always see what's happening on the MAC page'.

❖ Click an event to see more about that event.

❖ Use the 'back' link to view more McCracken events.

You can always see what's happening on the MAC page

Events from Apr 20th

- Tue Apr 20th 4:00pm - 5:00pm  
Quarterly MAC Meeting via Conference Call  
April 20th Agenda Update on Subcommittee for 2021 Release Update  
McCracken Leadership 2021-2022 A Meeting  
Meeting has been set up to support...
- Wed May 12th 2:00pm - 5:00pm  
MAC Transactional Subcommittee  
The MAC Transactional Subcommittee will discuss topics related to Accounting and Risk Based Capital.
- Wed May 19th 2:00pm - 5:00pm  
MAC Escrow Subcommittee  
The MAC Escrow Subcommittee will discuss topics related to Terms, Insurance, Compliance, Reserve Enhancements, and Interest Rate Caps.
- Mon May 24th 10:00am  
Memorial Day
- Mon Jul 5th  
Independence Day Observed
- Wed Jun 9th 2:00pm - 5:00pm  
MAC General / Investor Reporting Subcommittee  
McCracken Advisory Council subcommittee will cover topics related to Security and Compliance, Reporting and Investor Reporting. Topics will...
- Wed Jun 16th 2:00pm - 5:00pm  
MAC Web Subcommittee  
The MAC Web Subcommittee will discuss topics related to the Front, Reserve, Report, Regulatory, Contract, Budget, and API to avoid...
- Wed Aug 11th 2:00pm - 5:00pm  
MAC General / Investor Reporting Subcommittee  
McCracken Advisory Council subcommittee will cover topics related to Security and Compliance, Reporting and Investor Reporting. Topics will...
- Wed Jul 14th 2:00pm - 5:00pm  
MAC Transactional Subcommittee  
The MAC Transactional Subcommittee will discuss topics related to Accounting and Risk Based Capital.

The calendar for MAC subcommittees is available on the McCracken Advisory Council page at <https://www.mccrackenfs.com/support-center/mccracken-advisory-council/>. Meeting agenda and WebEx information added to meetings about a week before the meeting.

### McCracken University in 2021

<https://www.mccrackenfs.com/support-center/mccracken-university-videos/>

McCracken University continues in 2021 as well. The next session is Thursday at 2:00 pm when McCracken will tell us about what is coming in Release 20.

Remember that all McCracken University sessions are available on our website at the link above. You can always access the recorded session on the website if you are unable to attend.

Denise Pappu turned the meeting over to Denise Ross.

### Release Update

## Release Update

**RELEASE 20 (V 2.00.00) – FUTURE RELEASE**

McCracken Support Center

- > McCracken University
- > Videos
- > Webinar Presentations
- > Release Materials
- > Customer Conference
- > McCracken Advisory Council
- > Documents
- > Forum
- > Strategy Help

Release 20 is tentatively scheduled for general release in August 2021. This release includes an expansion of fields in core Strategy files to allow for more granular General Ledger Accounting, expanded Risk Monitoring, a new application to monitor FEMA events against your portfolio, the ability to store ratings and includes more business rules for monitoring your portfolio. Continue to check here for more information is provided about the release.

Proposed enhancements are tagged in the latest Work in Process listing:  
Work In Process - As of June 11, 2021

Release Specific Information

- Summary of Release 20 - April 2021
- Strategy Database Changes - Release 19F to Release 20 - July 2021

Other Documents

- Strategy General Ledger Expansion

**Release 20**

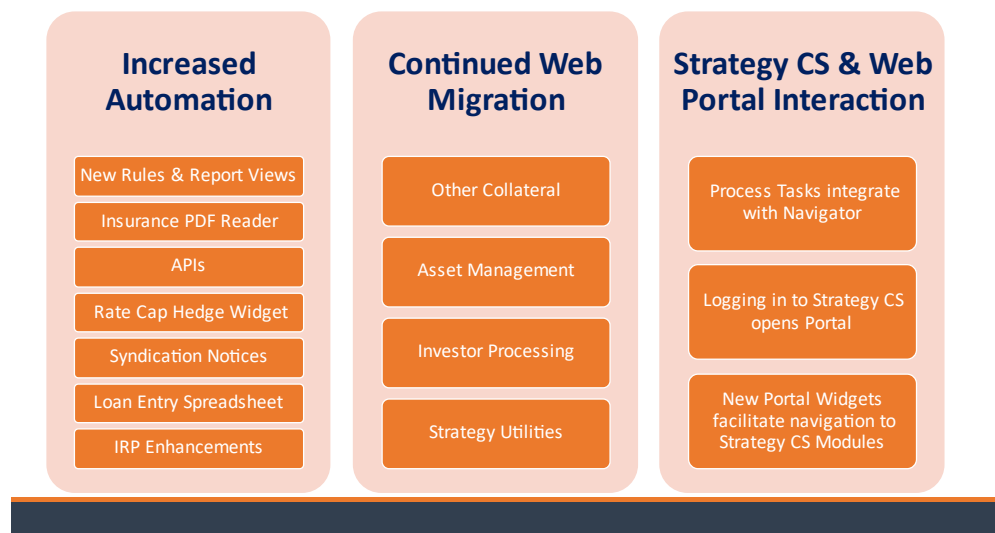
- Targeted for August
- Contains 382 jobs
- High level Summary of Enhancements posted to Release 20 page

[RETURN TO RELEASE MATERIALS CENTER](#)

Denise Ross noted that Release 20 will be available in August. It is a good size release. A Summary of Release 20 is posted on the website offering a high level overview of enhancements and changes in Release 20 but is not a comprehensive list of all of the contents. Database / File Changes are also available from the website. Highlights and other information will be made available in the coming weeks. The Work in Process listing, also available on the Release 20 page, continues to display all jobs slotted for Release 20.

Denise Ross gave a high level overview of some of the content of the release noting that the changes fall into three (3) major categories.

Increased Automation, Continued Web Migration, and Enhancements to make it easier to move between Strategy's modules in the desktop interface and the web interface.



### Increased Automation

Automation is heard throughout the industry with an emphasis on streamlining tasks. The Release contains several enhancements geared toward doing just that.

- New Rules across the system to help monitor your database.
- Additional Reporting views enabling the ability to view and export information from Strategy.
- The Insurance PDF Reader to streamline the entry of Insurance Information.
- Included a number of API's including the Freddie Mac B2B initiative with an API into the PRS system.
- Enhanced collection of information on Rate Cap/Hedge Agreements with rules to monitor the strike rates, expiration/renewals, and bank ratings.
- Creation of Syndication Notices in the system.
- The New Loan Entry Spreadsheet now in use by several customers, streamlines the entry of loans providing tools to make it easier to board loans.
- Several IRP enhancements and updates.

### Continued Web Migration

McCracken has continued our migration efforts in Release 20.

- Remaining Asset Management tabs have been migrated to the Portal
- The tabs in the Other Collateral module have been migrated to the Portal.
- Ginnie Mae reporting including WHFIT and RFS reporting has moved to the Portal putting all Ginnie Mae reporting in one place.
- Several utilities are now located in the Portal as well as Strategy
  - Strategy Security can now be accessed from both Strategy's desktop client and the Portal.
  - You can now view your Spool File from the Portal.

### Strategy CS and Web Migration

Several enhancements have been made to make it easier to move between the modules in Strategy CS and the Portal.

- Navigators can now be run from a task in a Process allowing users to select an assigned task in their Process and Task queues and automatically move to the first Strategy CS screen in the Navigation.

- Logging into StrategyCS can automatically open the Portal.
- New Portal widgets allow users to navigate directly to Strategy CS modules.

## Discussion Points

### Discussion Points

*The following Discussion Topics have been posed for the meeting:*

- **SOFR Conversion**
  - SOFR conversion methods to understand how people will handle their conversion.
  - *In your conversion to SOFR will you use either of the following 2 methods:*
    - *Adjust the spread to reflect the makeup factor*
    - *Keep the current spread in place and add a spread in a separate field*
    - *Other?*
  - *Are any portfolios converting to prime and using a negative makeup spread to level the coupon?*

McCracken sent a survey to customers in early July posing questions related to SOFR conversion and regarding Check Writing Software.

#### SOFR Conversion

Biren Mahendran from PGIM asked the group if they had any input into what industry best practices were as it relates to conversion of loans to SOFR or other index rates. McCracken has submitted a survey out to customers related to how customers expected to level the coupon rate. Did they anticipate adjusting the spread in a single field to reflect the makeup factor, or did they anticipate using the Operator fields in the ARM module to use a separate spread adjustor field?

Biren also noted that he was interested in discussing best practices for converting loans from LIBOR to Prime using a negative makeup spread.

Biren noted that part of their interest ties into the ability to meet industry reporting requirements and whether one method of conversion would be more suited to completing reports so that the coupon rate and spreads are appropriately noted.

One customer offered that although they expected to see all of the above scenarios, that direction from their customers had not yet been received and their customers' instructions on indexes used would direct their methods.

#### Check Writing

Denise Ross noted that the survey sent to customers in early July also contained a question about Check Writing. The software product Create A Check is moving to a new version and changing the way that customers would work with the new product. McCracken is looking for an alternate product to provide check writing and is interested in knowing what customers were using.

**Conference 2021**

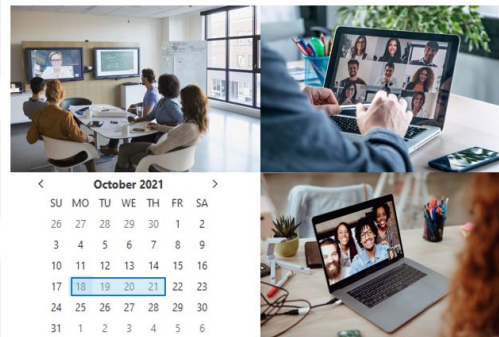
Kim Cooper reminded everyone that the 2021 Customer Conference will be October 18<sup>th</sup>-21<sup>st</sup>, 2021. The conference is virtual again this year and the format will be much like last year with sessions running in the afternoons eastern time to accommodate customers across the country. McCracken is defining the agenda now and will provide more information in the near future. Denise Pappu urged customers to send any suggestions for conference topics to Kim Cooper.

## 2021 Conference

October 18<sup>th</sup> – 21<sup>st</sup>, 2021

Sessions (12 pm – 4 pm ET)  
(11 am – 3 pm CT)  
(9 am – 1 pm PT)

More information coming soon!



## The Future of Strategy

Frank McCracken stepped in to introduce James Caron who gave an overview of the new technologies that McCracken is selecting for all future development including any migrations from StrategyCS to the Web.

James Caron reviewed the new tools to be used by McCracken.

- Angular – Java tool that will support a responsive interface and mobile applications
- Spring Boot – Web Service Layer (APIs)
- Docker – Component based deployment

The tool selection will provide a more flexibility for interface development and changes. Future development will be driven by left hand menus and preserve much of the current Strategy CS architecture to minimize impact to users. The new technologies will use OAuth2 authorization which will replicate the current sign on pattern using industry best practices. Future development will continue to be integrated and work with the Portal.

The new web service layer toolset includes Swagger which will support self-documenting APIs to assist your developers when integrating with your enterprise applications.

The updated architecture will take advantage of a metadata layer that will integrate a data dictionary into the application as well as standardize business rule validation, data type constraints, and required field indications across the applications.

The use of Docker will allow for a more consistent but flexible deployment model making it easier to take enhancements to distinct areas of the system.

More details can be found in the MAC Quarterly Meeting July 20, 2021, slide deck located on the website. McCracken will provide more details during the Customer Conference in October.

### **Questions?**

No one had any questions or new concerns they wished to discuss.

Denise Pappu thanked everyone for attending. If you have questions related to what we covered into today's meeting or questions or suggestions related to any MAC activities, please email [kim.cooper@mccrackenfs.com](mailto:kim.cooper@mccrackenfs.com) and she will circulate to the appropriate parties.

### **Next Meetings:**

Next Quarterly Meeting: McCracken Customer Conference. Time TBA

Everyone stay safe and healthy! Thank you all for attending.