McCRACKEN UNIVERSITY
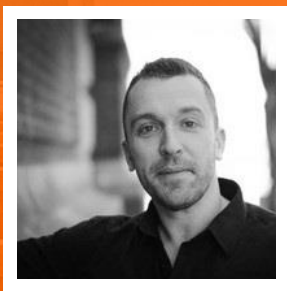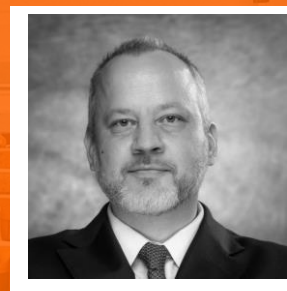
WEBINAR SERIES

Reduce Data-Entry Headaches with Advanced STRATEGY Automation

Meet the team.

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Before we begin, a few reminders.

Submit your questions anytime.

We'll send you the recording.

Complete the survey.

What you will learn.

1. The power of STRATEGY's web-based automation from a user perspective

2. How to leverage 3 applications to put financial statements data to work for <u>you</u>

3. Additional uses of STRATEGY's Rules Engine & Process Manager applications you should know about

Our agenda.

1. Financial Statements

2. Rules Engine

3. Process Manager

SECTION 1

Financial Statements

Financial Statements Widgets

Financial Statements

Use this widget to enter new financials, look up existing financials, prepare OSAR's, or compare financial records

Financial Statement Form Maintenance

Use this widget to setup custom financial forms. McCracken has already prepared most of the common forms (CREFC, Fannie, etc.)

Financial Statement Form Maintenance

- This widget allows the user to modify an existing form type, or create a custom form.
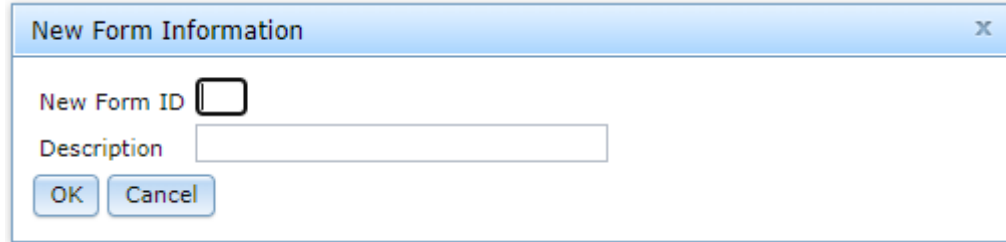
Search Results - All current forms

Select a form to copy/work with or click "New"　　　　　[New]

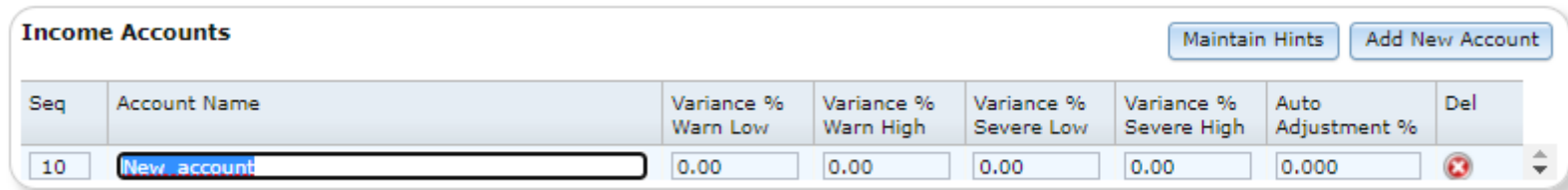| Form Description	Form ID	MFS Supplied
CREFC Commercial	C1	Y
CREFC For Upload	22	N
CREFC Healthcare	C3	Y
CREFC Lodging	C2	Y
CREFC Multifamily	C4	Y
Fannie Mae 4254 MultiFamily	C7	Y
Fannie Mae 4254 Seniors	C8	Y
Fannie Mae Credit Fac	CF	Y
Fannie Mae Multifamily	C5	Y
Fannie Mae Seniors	C6	Y
Freddie Mac Multifamily	FR	Y
Freddie Mac Seniors	FS	Y
HUD/Ginnie Mae	F9	Y
Summary	S	Y

Financial Statement Form Maintenance

- When adding a new form, the user will be prompted to create a form ID and description:

- Establish line item types within the appropriate income, expense, and capital accounts. Note – you can setup percentage triggers that will notify the user of potential discrepancies from the previously entered financial statement:

Financial Statement Form Maintenance

- Select the master fields needed for financial statement comparisons:

Master Fields Available for Comparisons

Sel	Seq	Value Description	Field Name	Field Type	Decimal Places
☐	10	Debt Service - A Note	MSDSAO	Number	2
☐	20	Debt Service - B Note	MSDSBO	Number	2
☐	30	Debt Service - C Note	MSDSCO	Number	2
☐	40	Net Cash Flow after Debt Service	MSCFANCF	Number	2
☐	50	Unsubordinated Ground Rents	MSDSGR	Number	2
☐	60	Cash Flow before Debt Service	MSCFBD	Number	2
☐	70	Total Debt Service	MSTDSV	Number	2
☐	80	Total Capital	MSTCAP	Number	2
☐	90	Operating Lease	MSHOLP	Number	2
☐	100	Cash Flow	MSCF	Number	2
☐	110	Net Operating Income	MSNOI	Number	2
☐	120	Net Cash Flow	MSNTCF	Number	2
☐	130	Extra Items	MSAXCI	Number	2
☐	140	DSCR: (NOI/Debt Service) - A Note	MSNOIAN	Ratio	5
☐	150	DSCR: (NOI/Debt Service) - A & B Note	MSNOIABN	Ratio	5
☐	160	DSCR: (NOI/Debt Service) - A, B & C Note	MSNOIABCN	Ratio	5
☐	170	DSCR: (NCF/Debt Service) - A Note	MSNCFAN	Ratio	5
☐	180	DSCR: (NCF/Debt Service) - A & B Note	MSNCFABN	Ratio	5
☐	190	DSCR: (NCF/Debt Service) - A, B & C Note	MSNCFABCN	Ratio	5
☐	200	Operating Expense Ratio	MSDC1A	Ratio	5
☐	210	Freddie Mac Debt Service	MSFMDCR	Ratio	5
☐	220	Occupancy	MSOCCP	Percent	2

Financial Statements

- In order to put the financial statements to work, there are specifc fields that must have data (even if they are not required to enter a financial).
  - Occupancy %
  - Next Statement Date

Entering a Financial Statement

A financial statement can be entered in Strategy either by manually inputting the information within the widget, or via the financial statements mapping tool (check with Support regarding your version of Strategy and the appropriate mapping template).

Income

Borrower Statement Line Item	Amount	Adjustment	Adjusted Amount	Map To Account	Adjustment Comment	Delete
Gross Potential Rent	5,501,159.00	0.00	5,501,159.00	Gross Potential Rent ⌄		✖
Vacancies	0.00	0.00	0.00	Less Vacancy Loss ⌄		✖
EGI (Effective Gross Income)	5,501,159.00	0.00	5,501,159.00			

Expenses

Borrower Statement Line Item	Amount	Adjustment	Adjusted Amount	Map To Account	Adjustment Comment	Delete
Other Expenses	2,330,750.00	0.00	2,330,750.00	Other Expenses ⌄		✖
Total Expenses	2,330,750.00	0.00	2,330,750.00			
Net Operating Income (NOI)	3,170,409.00	0.00	3,170,409.00			
Management Fee/EGI Ratio	0.0000000000000		0.0000000000000			
Operating Expense Ratio	0.4236800000000		0.4236800000000			

Capital Items

Borrower Statement Line Item	Amount	Adjustment	Adjusted Amount	Map To Account	Adjustment Comment	Delete
	0.00	0.00	0.00	⌄		✖
Total Capital Items	0.00	0.00	0.00			
Debt Service Note(s) A, overridden	1,556,164.00		1,556,164.00			
Debt Service Note(s) B, overridden	250,000.00		250,000.00			
Debt Service Note(s) C, overridden	0.00		0.00			
Total Debt Service	1,806,164.00		1,806,164.00			
Net Cash Flow	3,170,409.00		3,170,409.00			
Net Cash Flow after Debt Service	1,364,245.00		1,364,245.00			
DSCR: (NOI/Debt Service) - A Note	2.03732		2.03732			
DSCR: (NOI/Debt Service) - A & B Note	1.75533		1.75533			
DSCR: (NOI/Debt Service) - A, B & C Note	1.75533					
DSCR: (NCF/Debt Service) - A Note	2.03732		2.03732			
DSCR: (NCF/Debt Service) - A & B Note	1.75533		1.75533			
DSCR: (NCF/Debt Service) - A, B & C Note	1.75533		1.75533			

The borrower's line item type can be anything!

The Map To Account is the account established in the Financial Form Maintenance setup.

NOI, Mgmt Fee/EGI Ratio, Operating Expense Ratio, NCF, and DSCR are all calculated by Strategy

SECTION 2

Rules Engine

Rules Engine

- The Rules Engine contains over 400 different rules that can be utilized to create alerts in Portfolio Analysis, create tasks or start processes in Process Manager, send emails to specific parties, print or email a WriteTrack letter, and add loans to the Watchlist.

- For purposes of this session, we will focus solely on a few of the financial statement related rules

Financial Statements Past Due	Financial Statements Due	DSCR Below Threshold

DSCR Percentage Decrease	Occupancy Decrease

Rules Engine

- Certain rules require the user to establish a value in order for the rule to be triggered, other rules are based on set criteria.

  - For example, the Financial Statement Past Due rule is triggered when the due date is greater than the System Process Through Date

Rule Name	Type	Rule Description	Value	Rule Actions	Status	Alert Button	Severity	
Financial Statement Past Due	FINANCIAL	Web Asset POPMST.MSENDT and frequency MSFREQ). If the date is prior to the System Process Through Date PSYSCPER.S2PTDT, take the designated actions.		Display Alert	☑ Active	Documents ∨	Severe ∨	❌

  - The Financial Statement Due rule is triggered when the date of the Next Statement Due Date is within the user's predetermined number of days

| Financial Statement Due | FINANCIAL | Financial statement due. Variable value: specify the number of days before the next statement due date that should trigger the designated actions. Logic: Retrieve the | 30 | Display Alert | ☑ Active | Watch List ∨ | Medium ∨ | ❌ |

SECTION 3

Process Manager

Process Manager

The Process Manager widget is a workflow tool that can be utilized to track various processes across groups or individual users.

- Each process is made up of tasks, or the steps involved.
- Each process can be customized by category, sub-category, responsible party, or role type.

For the purpose of this session, we will look at a simple process used to track the receipt of annual financials from a borrower:

Process Manager

- ## How to connect the rule to the process -

  - Ensure that "Financial Statement Due" rule is included on the rule set affecting the loan or other data set. There are other rules that you could use to govern financial collections, see MFS Master Rule Set for details.

  - Select the pencil icon to open the Rule Action Maintenance pop-up window:

  - Select the "Start Process" action and the corresponding Process Template. A job function can be assigned, as well. If "Always" is selected as the frequency, this process will generate each day the rule remains triggered.

Process Manager

- Always check the rule description in the rules engine to ensure you are utilizing the necessary fields for the rule to work properly. These fields are not always required fields!

- In our example, the next statement due date must be entered in the proper financial statement – a field that is not required for financial statements.

Process Manager

- Test your process to ensure the start and due indicators are set properly.

- Confirm process & task level assignments.

- You can leverage the Process and Task Due/Overdue rules so that responsible parties receive an email regarding outstanding processes and tasks.

Thank you for attending our webinar. Don't forget to:

Share the webinar recording with your colleagues.

Attend our monthly webinars.

Contact McCracken if you'd like to learn more.