FHLB Secondary Market Loan Servicing

Tracking FHLB Participation Loan Investor Activity with CU*BASE

INTRODUCTION

Participation lending refers to sharing loan risk and income among partner organizations (investors). The credit union sells or buys all or part of a loan. The investors can be other credit unions or other organizations.

Loans sold to other organizations (investors) are tracked in the **CU*BASE Participation Lending** system.

Loans purchased from other organizations are tracked by assigning a separate G/L account and the **CU*BASE Investment Subsidiary** can be used to accrue the monthly interest.

FHLB PARTICIPATION LENDING

Federal Home Loan bank (FHLB) is a secondary market servicer for mortgage loans. Mortgage loans that are sold to FHLB are maintained in the **CU*BASE Participation Lending** system. This group of loans is identified by unique investor ID(s). Also, a unique settlement calculation routine is defined which determines how loan payments are settled with FHLB. The loans are set up on the member file with a 360-day interest calculation type.

MPF Xtra FHLB Loans

FHLB has a mortgage purchase program with MPF (Mortgage Partnership Finance) for MPF Xtra loans that process differently than regular FHLB loans. The processing for the MPF Xtra loans actually mirrors that of Fannie Mae. Currently, Wells Fargo is the servicer for these loans.

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FHLB PARTICIPATION LENDING: HOW TO GET STARTED

UNDERSTANDING THE TERMS

Term	Description
Participation Loan	Any loan account on the credit union's books where the risk and income for that loan is shared among one or multiple partners (investors).
Participation Loan Investor (PLI)	The partner credit union or other organization that shares in the investment income and the risk for the loan.
Secondary Market Loan Servicer	An investor that purchases loans from a financial institution.
Government investor	General term for government-sponsored investors such as Fannie Mae, Freddie Mac and FHLB.
P&I Custodial Account	A credit union share account that holds the funds (Principal and Interest) to be remitted to a government investor.
T&I Custodial Account	A credit union share account that stores the reported balances of member escrow (Taxes and Insurance).
FNMA	Abbreviation for Fannie Mae.
FHMC	Abbreviation for Freddie Mac.
FHLB	Abbreviation for Federal Home Loan Bank.
PART	Abbreviation for standard 365 participation loans.
P360	Abbreviation for other 360 participation loans.
360 loan	A loan with an *Interest calculation type* of "3 = 360 /Post" in CU*BASE. Interest is based on twelve 30 day months, calculated once each month on a specified day.
365 loan	A loan with an *Interest calculation type* of "0 = 365" in CU*BASE. This is the standard daily interest calculation using a 365 or 366 day year. Interest is accrued each day using a per diem interest amount.
Participation loan type	A code that allows participation loans to be grouped for servicing and reporting.
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid `settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365 participation loans), and P360 (other 360 mortgage loans).
Company code	An optional 3 position code that identifies companies that service participation loans, i.e. a mortgage CUSO.
Settlement type	The method used for determining how funds are paid to the investor: *AA* (Actual/Actual), using actual activity on the loan; *SA* (Scheduled/Actual), using scheduled interest and actual principal collected from the member or *SS* (Scheduled/Scheduled), using a set table of principal and interest payment amounts for each month.

Term	Description
	Note: The *SS* (Scheduled/Scheduled) settlement type is not available for use at this time.
CD 22	Calendar day 22 (Fannie Mae loan processing requires reporting of all loans on or before CD 22)
MPF Xtra loans	FHLB loans offered via Mortgage Partnership Finance (MPF) that mirror the processing of Fannie Mae loans. These loans are set up with a settlement calculation routine of FNMA and a company code of MPX. Wells Fargo is the current servicer of these loans.

CONFIGURATION

1. Set up a loan category code for FHLB loans. This code must be specific to FHLB loans. **Refer to Page 77.**

2. Set up a share product (dividend application) for the FHLB member escrow accounts. This code must be specific to FHLB accounts. **Refer to Page 82.**

3. Set up two member Custodial Accounts. One is for Principal and Interest (P&I) and the other is for Taxes and Insurance (T&I). These accounts should be non-interest bearing with application type SD.

4. Verify that there is a "Delinquency Fine Code" set up for mortgage loans. Refer to **Tool #464 *Loan Fines Configuration*.**

5. Set up the participation loan general ledger accounts. **Refer to Page 91.**

6. Configure a Participation loan type code to categorize the FHLB loans. **Refer to Page 83.**

7. Configure the FHLB investor information. **Refer to Page 84.**

8. Configure the Settlement calculation routine FHLB. **Refer to Page 88.**

   > *Note: MPF Xtra loans are set up with a settlement calculation routine of FNMA.*

9. Configure Company codes if applicable (not required except for MPF Xtra loans). **Refer to Page 90.**

   > *Note: MPF Xtra loans are set up with a company code of MPX.*

CREATE LOANS

10. Using information from the FHLB Schedule of Mortgages, create loans in the participation loan system. **Refer to Page 12.**

Note: The loan should already be set up on the CU*BASE loan file.

PREPARE PC FOR DOWNLOADS

For monthly reporting to FHLB, a file is downloaded to your PC. Refer to **Page 50** for details on government reporting.

11. If you do not have authority to perform downloads, complete the CU*BASE authorization form. You will need to request access to the file FILExx/FHLBSND (xx is the CU ID).

12. Set up a separate folder on your PC named "FHLB" for storing the FHLB investor file.

13. Request client access files from Lender*VP at lendervp@cuanswers.com. These files are needed for the automated FHLB download.

KEY ITEMS TO REMEMBER

The participation loan system is basically a subsidiary ledger similar to Investments or Fixed Assets, that retains details about loans sold to other investors. Loan payment activity is collected from the member transaction file, pulled into a temporary work file, and settlement routines are run to calculate the amount of interest and principal owed to each individual investor for each loan. This process interfaces with your General Ledger to record interest and principal amounts.

Below is a list of a few key items that you need to know about the participation loan system.

ALL INVESTORS

- Each PL investor is configured with their own unique set of parameters.

- It is important to understand the rules for the specific investor (for remitting payments, deadlines for reporting to investor, etc.). Refer to investor contractual guidelines.

- A participation loan work file is processed to gather details about member loan payments for use in calculating settlement amounts. Some investors process multiple work files during the month and some process only once a month.

- Work file processing is based on a configured *settlement calculation routine* which defines how the loans are handled in settlement. Available routines include: FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365 participation loans) or P360 (other 360 loans).

- Be sure to process a final settlement work file for all loans for an investor before moving to the next settlement period.

- The balances for principal and accrued interest in the participation loan file should be kept in sync with the corresponding PL General Ledger accounts. (Principal and Accrual G/L).

- For 360 loans, the participation loan interest accrual is independent of the member interest accrual. This is a separate step that occurs monthly.

- An optional *company code* is used to identify companies that service your participation loans such as a mortgage CUSO. These loans are processed separately in settlement.

- For 365 loans, when partial payments are received, the PL system calculates the appropriate percentage of principal and interest based on the PLI % of participation.

GOVERNMENT INVESTORS (FNMA, FHMC, FHLB)

- The system contains edits to ensure that monthly processing steps occur in the correct order. Because of these edits, the system requires all loans within a *settlement calculation routine* (i.e. FNMA) to be settled prior to moving to the next settlement period. This is regardless of whether or not there was payment activity on the loans.

- It is crucial that the day to calculate interest on the loan category configuration and the PL *Monthly interest accrual day* on the Settlement Calculation Configuration are set up as follows:

Settlement Calculation Routine	Day to Calc Int (member file)	PL Interest Accrual Day
FNMA(Fannie Mae)	31	01
FHMC(Freddie Mac)	31	01
FHLB	31	01

  Note: Since these are 360-day interest calculation loans, the member interest accrual will occur in end-of-day (EOD) processing on the *Day to Calc Int* defined on the loan category configuration.

- For delinquent loans, the *past due interest* field is populated during PL interest accrual (similar to how delinquent 360 loans are handled on the member file). This applies to loans with the AA (Actual/Actual) *settlement type.*

- After government reporting, it is critical that PL interest is not accrued until the exceptions from the investor are reviewed. That way any adjustments can be made in the appropriate settlement period.

- Payoff transactions received during the month must have interest adjusted in the work file (unless occurred on the first day of the cycle, just after interest accrual).

- The system will calculate interest "on the fly" for paid ahead payments similar to the "Instant Interest Calc" method used on the member loan file. This applies to loans with the AA (Actual/Actual) "Settlement type".

FHLB MONTHLY PROCESS CYCLE

This section summarizes the monthly processing steps for FHLB loans with a *settlement type* of AA (Actual/Actual). FHLB does not currently support or SA (Scheduled Actual) loans.

Process payments work files during the month

↓

Process last payment work file for last day of the month

↓

Create monthly reporting file and send to FHLB

↓

Accrue monthly interest
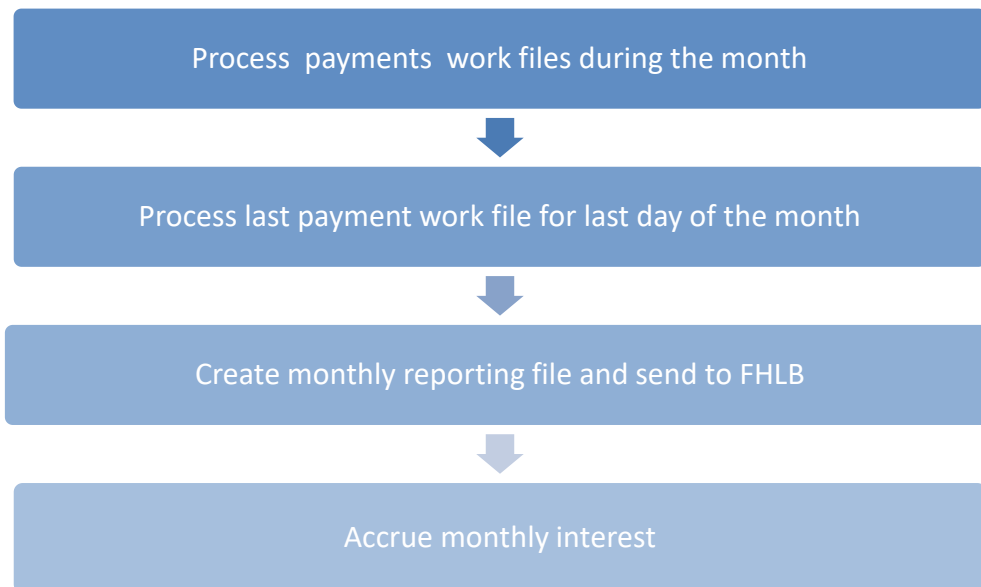
PROCESS CYCLE FOR MPF XTRA LOANS

Process payment work files and optional* reporting between the 1st and 21st of the month

↓

Process CD 22** work file and required reporting of all MPF Xtra loans

↓

Process payment work files and optional* reporting between the 22nd and EOM

↓

Process EOM payment work file and create investor file*** no later than the 1st business day after month end

↓

Accrue monthly interest
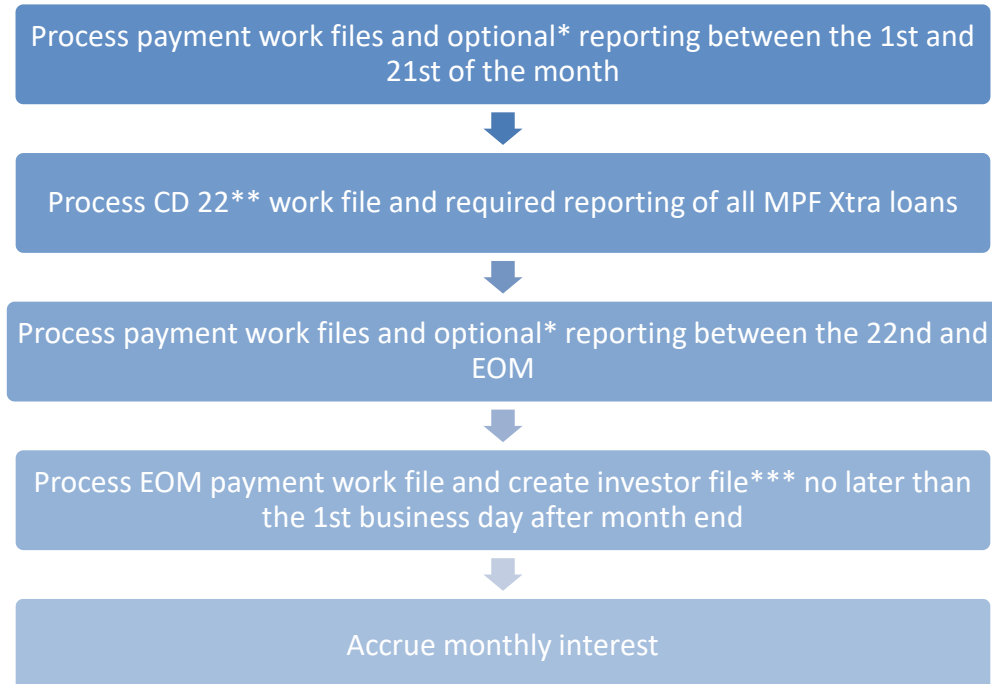
* Daily activity reporting files are optional unless it is the 1st business day after a loan is paid off.

** Calendar day 22 (CD 22) reporting is the full reporting file required on or before calendar day 22. To accommodate weekends and holidays, CD 22 reporting can occur anytime between the 19th and 23rd of the month. System will force a work file on the 1st business day after the 22nd if CD 22 reporting has not already occurred.

*** If there is no activity in the EOM work file, the investor file must still be created so that system control dates are updated properly.

DAILY PROCESSING

Below are the recommended daily processing steps for FHLB loans.

1. Use **Tool #766 *PL 2: Review Mbr Activity on Part. Loans*** to check for payment activity. This report is run by investor. If there is payment activity, a work file should be run. Refer to **Page 29**.

2. Use ***Tool #768 PL 3: Review Unfunded Participation Ln*** to check for unfunded participation loans (open in the member loan file, but not on the participation loan file). This report is run by loan category. Refer to **Page 31.**

    > *If there are unfunded loans, add them to the participation loan system. Refer to **Page 12** for the steps to add a loan to the PL system.*

3. Use ***Tool #767 PL 4: Review Paid Off Participation Lns*** to check for loans that are paid off on the member loan file. Refer to **Page 32**.

    > *If there are paid off loans, it is recommended (but not required) to run a separate work file for each paid off loan. Be sure to review the interest amounts in the work file and make any appropriate adjustments.*

4. If loan payments exist (from Step 1), run a work file via ***Tool #314 PL 5: Create/Post Part. Ln Pmt Work File***. Review the PL Settlement Detail Report. Edit and then Post the work file.

    > *Posting the work file creates a G/L journal entry and updates the PL history and PL master file. Note the "Total Cash Settlement" from the **Final Version** of the PL Settlement Detail Report. This amount gets posted to the P&I Custodial Account per Step 6.*

5. Use **Tool #61 *Create/Post GL Journal*** to post the journal entries.

    > *IMPORTANT NOTE: Do not change any of the journal entry amounts.*

6. Post the final "Total Cash Settlement" amount (from Step 4) to the P&I Custodial Account using **Tool #492 *Member Account Adjustment (Full).***

7. If it is the last settlement of the month, remit the funds to FHLB. Refer to the appropriate FHLB website for details on remittance.

Note: For MPF Xtra loans, the funds are remitted the next business day after reporting.

8. Verify the participation loan general ledger principal balance and accrued interest totals* to the PLI Trial Balance Summary principal balance and accrued interest totals.

> ***Use "G/L History Inquiry" to view the G/L balances or use "Print G/L Financial" to print a financial that contains the participation loan G/L account balances.*

9. Access the Escrow Share Detail Report in CU*SPY. Use the totals for positive and negative balances on this report to make adjustments to the T&I Custodial Account to balance to the "FHLB funding for negative accounts" G/L account. Refer to **Page 47** for more information.

INVESTOR REPORTING

After performing the daily processing (Steps 2-9 in the Daily Processing section), follow the steps below. Be sure to use the last day of the month for the work file (per Step 4) to process outstanding loan payments.

> ***Important Note:*** *You must always run a work file at month end regardless of whether there is loan payment activity. This is so that system control dates are updated properly.*

10. Create the monthly reporting file via **Tool #304** ***Create PL Government Investor File***.

> *Note: When creating the investor file for MPF Xtra loans, be sure to use the settlement calculation routine FNMA with the company code MPX. Select "Only loans with activity since last reporting file" for reporting on days other than CD 22 or "Monthly reporting file" for CD 22 reporting.*

11. Download the investor file to your PC per *Upload File* (F14) on the "Create Monthly Gov Investor File" screen. **Refer to Page 50**.

> *Note: If a Company code exists on the file, then "Upload File" is not available. You must manually download the file per the steps on **Page 54.***

12. Perform the recommended procedures from FHLB to upload the file to the appropriate website.

NEXT BUSINESS DAY

13. Review any exceptions from the reporting file. Process any necessary adjustments to loans. **Refer to Page 22.**

> *Important Note: Be sure to backdate the adjustment to prior month end date so that it applies to the appropriate reporting period.*

14. Run **Tool #107** *Accrue Interest for 360 Particip. Loans*. **Refer to Page 55.**

15. If your CU has Rural Development loans, run the report using **Tool #771** *Rural Development Part. Loan Detail Rpt*. The total delinquent balance is reported monthly to the USDA. Full reporting is done quarterly. **Refer to Page 65.**

16. OPTIONAL STEP: For research purposes, you can also run and save the Settlement Activity Report which provides history detail of participation loans. **Refer to Page 63**.

RECONCILIATION

The participation principal loan balances and interest accrued amounts on the Participation Loan Trial Balance Summary should always equal the appropriate participation loan general ledger balances.

FHLB requires two Custodial Reconciliation reports (P&I and T&I) to be completed monthly. The P&I and T&I Custodial Accounts are reconciled using these reports. Follow the instructions on the FHLB website.

OTHER MONITORING
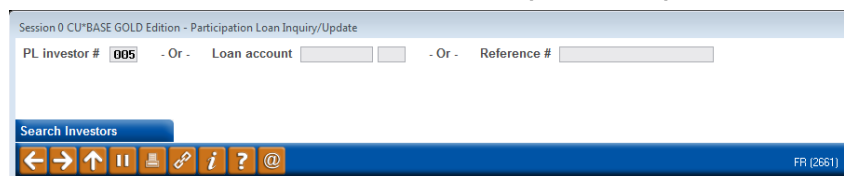
Delinquency can be monitored using the Participation Loan Delinquency Analysis report which provides the investor portion of the delinquent balances. Refer to **Page 69** for information on this report.

WORKING WITH PARTICIPATION LOAN ACCOUNTS

ADD/MAINTAIN A PARTICIPATION LOAN

PL 1: Add/Maintain Participation Loans (Tool #119)

This is the first of several screens used to add, view and/or work with participation loan accounts. You can attach loans to investors, view an investor's current position on a loan, review settlement history on loan accounts, and post adjustments to the participation loan records.

- To work with all loans for a specific investor, or to attach new loans to any investor, enter the PL investor # and use **Enter** to proceed to the second screen.

- To work with an existing participation loan account, enter either the loan account base and suffix or the reference number (up to 20 alphanumeric characters) attached to the participation loan record, then use Enter to proceed to the second screen. (This method cannot be used unless the account is already tied to an investor.)

> *CU*TIP: Use "Search Investors" (F12) to view a list of current Participation Loan Investor (PLI) codes. The screen shown on* **Page 84** *will appear with the listing of configured investors. Use* **Select** *to choose an investor.*

The second screen will look slightly different depending on what was entered on the initial screen.

Screen 2 (if PLI # was entered on initial screen):

Participation Loan Inquiry/Update

				Last Settlement	
				Total PL principal balance	16,076,513.10
PL investor #	001	FHLB		Total PL interest due	0.00

Account	Type	Seq #	Name	Reported Month	Reported Balance	Reference
	710	001		Oct 31, 2013	100,833.21	2253
	710	001		Oct 31, 2013	78,103.03	2554
	710	001		Jun 30, 2013	0.00	3681
	710	001		Oct 31, 2013	103,979.13	3843
	710	001		Oct 31, 2013	181,298.49	3978
	711	001		Oct 31, 2013	121,105.72	4339
	710	001		Oct 31, 2013	189,830.71	4630710
	711	001		Oct 31, 2013	73,907.32	5415
	711	001		Oct 31, 2013	147,537.05	5693
	710	001		Oct 31, 2013	103,633.00	5849
	710	001		Oct 31, 2013	277,333.94	5972
	710	001		Oct 31, 2013	57,018.99	6621
	710	001		Oct 31, 2013	46,632.85	6672
	710	001		Oct 31, 2013	172,791.24	6769
	710	001		Oct 31, 2013	88,221.58	7913
	711	001		Jun 30, 2013	0.00	8188

■ Change   ■ Delete   ■ PL Inquiry   ■ Member Inquiry

Add
Sort by Reference
Search Investors

OC (2665) 11/26/13

HINT: Use *Sort by Reference (*F11*)* to change the sort from Account to Reference # .

Screen 2 (if Loan Acct was entered on initial screen)

Participation Loan Inquiry/Update

			Last Settlement	
			Total PL principal balance	78,103.03
Loan account		710	Total PL interest due	0.00

Account	Type	Seq #	Name	Reported Month	Reported Balance	Reference
	710	001		Oct 31, 2013	78,103.03	2554

■ Change   ■ Delete   ■ PL Inquiry   ■ Member Inquiry

Add
Sort by Reference
Account Analysis

OC (2665) 11/26/13

This screen shows all loans currently attached to investors or the single loan account selected. Use the fields at the top of the screen to choose a different PLI or a different loan account. Use **Enter** to refresh the screen.

Field Descriptions

Field Name	Description
Account	The participation loan account.
Type	The participation loan account suffix.
Seq #	A sequence number attached to this record. The number is incremented if a loan is added to the same investor multiple times. The sequence number will always be 001 for FHLB loans because these loans are 100% owned by investor.
Name	The member name.
Reported Month	The last date the loan was reported to the investor (in this case FHLB).
Reported Balance	The balance on the loan account as of the last time the loan was reported to the investor.
Reference	The reference number is user defined and can be used when printing reports or when locating this record for maintenance and inquiry. Note: For MPF Xtra loans (using the FNMA settlement calculation routine) a reference number of 10 digits is required.

Buttons

Command Key	Description
Add (F6)	Use this to attach a new loan account to this investor.
Toggle Sort (F11)	Use this to toggle sort between account or reference #.
Search Investors (F12)	Use this to view a list of the current configured participation loan investors.
Account Analysis (F15)	Use this to view an analysis of all investor positions on this loan.

- To create a new participation loan and attach it to an investor, use *Add* (F6) to proceed to the Participation Loan Setup screen (shown on **Page 15**).

- To modify an existing account, select it in the list and use the **Change** option to proceed to the Participation Loan Setup screen (shown on **Page 15**).

- To view details for an account without changing anything, select it in the list and use the **PL Inquiry** option. A view-only version of the Participation Loan Setup screen (shown on the next page) will appear.

- To view current details about a loan account using CU*BASE Member Account Inquiry, select the account in the list and use the **Member Inquiry** option.

- To delete a participation loan so that it is no longer tied to an investor, select it in the list and use the **Delete** option. You will receive a delete confirmation window.

Note: Only loans paid to a zero balance should be deleted so that investor G/L accounts remain in balance.

Change or PL Inquiry

Session 0 - ABC CREDIT UNION

File Edit Tools Help

Participation Loan Setup   CHANGE

PL investor # 300
Loan account ▨ 712 ▨ ROGNER
PL type 20 🔍 FHLB TEST

Reference # FHLB TEST 4.13
Original loan amt 233,000.00   Settlement calc routine FHLB
Sequence # 1   Settlement type AA

Current Loan Status		Servicing Information		
Current balance	205,806.46	Loan rate is	2.000	Deferred loan suffix 🔍
+ Interest	0.00	Payment	1,499.38	
+ Delinquency fine	0.00	Next scheduled payment	Feb 01, 2023	
- Insurance rebate	0.00	Last payment date	Dec 30, 2022	Loan maturity date Jan 01, 2036
= Loan payoff	205,806.46	Last payment amount	1,500.00	

Last Settlement Detail		PLI Terms		
Reported date	Mar 31, 2023	Status	NEW	Last settlement date Apr 17, 2023
Term	0 S	PLI loan rate	1.200	PL past due interest 0.00
PLI principal balance	205,806.46			☐ Rural development flag
PLI interest due	0.00	PLI % of participation	100.00	Next interest accrual date 03 2023
Principal paid	0.00	PLI original investment	205,806.46	
Interest due paid	0.00	PLI projected payment	0.01	
Total settlement	0.00	PLI start date	Apr 13, 2023 [MMDDYYYY]	
Monthly income earned	0.00	PLI end date	Jan 01, 2036 [MMDDYYYY]	
Action code				
Action date	00000000 [MMDDYYYY]			

If the PLI % of participation is not 100%, be sure that the PLI original investment amount is manually calculated using the PLI % (Loan balance X PLI %).

| Add/Update | Adjustment | Account Inquiry | History | Account Analysis |

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Session 0 CU*BASE GOLD Edition - FRANKENMUTH CREDIT UNION

File Edit Tools Help

Participation Loan Setup   VIEW

PL investor # 001
Loan account 5415 711 JAMES F MEMBER
PL type 01 FHLB

Reference # 5415
Original loan amt 77,000.00   Settlement calc routine FHLB
Sequence # 1   Settlement type AA

Current Loan Status		Servicing Information		
Current balance	70,598.73	Loan rate is	5.125	
+ Interest	0.00	Payment	419.25	
+ Delinquency fine	0.00	Next scheduled payment	Jun 01, 2016	
- Insurance rebate	0.00	Last payment date	May 01, 2016	Loan maturity date Mar 01, 2041
= Loan payoff	70,598.73	Last payment amount	827.80	

Last Settlement Detail		PLI Terms		
Reported date	Apr 30, 2016	Status	EXISTING	Last settlement date May 04, 2016
Term	125 S	PLI loan rate	4.875	PL past due interest 0.00
PLI principal balance	70,598.73			☐ Rural development flag
PLI interest due	0.00	PLI % of participation	100.00	Next interest accrual date 06 2016
Principal paid	117.24	PLI original investment	77,000.00	
Interest due paid	287.28	PLI projected payment	419.25	
Total settlement	25,037.95	PLI start date	Feb 24, 2011	
Monthly income earned	287.28	PLI end date	Mar 01, 2041	
Action code				
Action date				

If the PLI % of participation is not 100%, be sure that the PLI original investment amount is manually calculated using the PLI % (Loan balance X PLI %).

| Account Inquiry | History | Account Analysis |

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This screen shows details about this participation loan account, both from the credit union's perspective (Current Loan Status/Servicing Information) as well as the investor's point of view (Last Settlement Detail/PLI Terms).

For a new participation loan, start by entering the *Ln Acct* and *PL Type* (if not already defaulted). Use **Enter** to pull in existing loan account information.

Then fill in the PLI terms (*PLI loan rate*, *PLI original investment*, *PLI start date*, *PLI end date*, *Next Interest Accrual Date* and *Rural Development flag* (if applicable). Refer to **Page 20** for additional information on adding new FHLB loans.

When done making changes, use *Add/Update* (F5) to save the record.

Field Descriptions

Field Name	*Description*
General	
PL investor #	The Participation Loan Investor code and name.
	See **Page 84** for information on configuring Participation Loan Investors.
Company code	This is an optional 3 position code that identifies companies that service participation loans, i.e. a mortgage CUSO.
	Note: If no company codes are configured at your credit union, this field will not display.
Reference #	The reference number is user defined and can be used when printing reports or when locating this record for maintenance and inquiry.
	Note: For MPF Xtra loans a reference number of 10 digits is required.
Loan account	If creating a new record, use these fields to enter the loan account base and suffix. If modifying an existing record, the loan account cannot be changed.
PL type	This is a 2 position code used to identify a group of loans. If a PL Type is defined on the investor record, it will default here. This is a required field.
	See **Page 83** for a discussion of Participation Loan Type codes.
Original loan amount	This shows the original loan amount for the member loan account. This is the original amount borrowed, regardless of investor positions.
Sequence #	A sequential number assigned to this record, for situations where the same loan is assigned multiple times to one investor. (the same investor owns multiple portions of a loan at different rates or terms, for example).
Settlement calc routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365 participation loans), and P360 (other 360 mortgage loans).
Settlement type	The method used for determining how funds are paid to the investor: either by *AA (Actual/Actual)*, taking into account actual activity on the loan or *SA (Scheduled/Actual)*, taking into account scheduled interest and actual principal collected from the member.
	Note: The *SS (Scheduled/Scheduled)* settlement type is not available for use at this time.

Field Name	Description
Current Loan Status	
This section shows the loan from the credit union's point of view, with details coming from your credit union's member loan files.	
Current balance	The current balance on the loan account, as shown in your CU*BASE member files.
+ Interest	The total amount of interest owed on the loan.
+ Delinquency fine	The amount of delinquency fines owed, if any.
- Insurance rebate	Any insurance premium rebates due back to the member.
= Loan payoff	For 365 interest calculation type loans, this field calculates the current balance plus any interest and delinquency fines, minus any insurance rebates, to show the current loan payoff amount.
	For 360 interest calculation type loans, this field calculates the current balance plus delinquency fines, minus insurance rebates, to show the loan payoff amount. This is a starting payoff amount. An interest adjustment is necessary to arrive at the final payoff amount.
Servicing Information	
This section also shows the loan from the credit union's point of view, with details coming from your credit union's member loan files.	
Loan rate is	The interest rate on the loan account.
Payment	The amount of the regular payment, including principal and interest.
Next scheduled payment	The due date for the next payment.
Last payment date	The date the last payment was made on the loan account.
Last payment amount	The amount of the last payment made on the loan.
Deferred loan suffix	The account suffix for a deferred loan associated with this participation loan. Deferred loans are created at the discretion of the credit union and apply only to loans that are 100% owned by the investor. Note: Only closed end (MEMBER5) loans are available in the lookup.
Loan maturity date	The loan maturity date.
Last Settlement Detail	
This section shows the status of this participation loan from the investor's point of view, as of the last time a settlement was posted.	
Reported date	The last date that this loan was reported to FHLB.
Term	This shows the term for this loan as of the last settlement. The term is counted starting when the first normal settlement is posted. See **Page 35** for details on posting settlement.
	Next to the term, you will see either an "S" for Settlement or "A" for Adjustment. This indicator shows whether the information in this section represents a regular settlement posting, or an adjustment transaction. See **Page 22** for details on posting adjustments.

Field Name	Description
PLI principal balance	The principal balance of the investor's portion of the loan as reported at the last settlement (the amount owed to the investor representing the principal on the loan).
PLI interest due	The amount of interest on the investor's portion of the loan principal balance as reported at the last settlement (the amount owed to the investor representing the accrued interest due on the loan).
Principal paid	The total amount of principal paid from the last settlement work file.
Interest due paid	The total amount of interest paid as reported in the last settlement work file.
Total settlement	The total of principal and interest paid from the last settlement work file. *Principal paid + Interest paid = Total settlement*
Monthly income earned	The amount of income that was accrued on the investor's outstanding balance for the settlement period.
Action code	The Action code defined by the government investor. Paid off FNMA and FHLB loans automatically get the action code set to 60 in work file processing.
Action date	The date that the Action code is effective for the government investor.

PLI Terms

This section shows the terms from the investor's perspective showing the investor's portion of this loan.

|	
Status	The current status of this participation loan: **EXISTING** - This participation loan has already had a settlement work file processed. **NEW** - This participation account is new and has not had a settlement work file processed. **CLOSED** - This participation account is closed.
PLI loan rate	Enter the interest rate the investor earns on the loan. This field has three decimal positions. (08750 = 8.750%).
PLI % of participation	The percentage (up to 100) of the loan that is owned by the investor (this field has 2 decimal positions). This field defaults to 100% for FHLB loans.
PLI original investment	Enter the total amount of investment by this investor for this loan account. This informational field is not affected by changes to the loan account or settlement activity. Note: On the FHLB Schedule of Mortgages, this is the "Original Balance".
PLI projected payment	The estimated payment amount to the investor for this loan account. This field defaults to the member payment amount for FHLB loans. This is an informational field. Note: On the FHLB Schedule of Mortgages, this is the "P&I Payment".
PLI start date	Enter the date the loan was funded with FHLB. Note: This is the begin date for processing in the PL system and will determine when to start picking up payments from the member history.

Field Name	Description
	Note: On the FHLB Schedule of Mortgages, this is the "Settlement Date".
PLI end date	The date on which this investor's position in the loan ends. For FHLB, enter the loan maturity date from the member loan file. This field is informational only, the loan will still process normally in the PL system when the PLI end date is reached.
Last settlement date	The last time a settlement work file was posted for the loan.
PL past due interest	This is the amount of past due interest on the participation loan and applies to FNMA, FHLB and P360 AA (Actual/Actual) loans only. This field is populated during PL interest accrual. Field only displays for FNMA, FHLB and P360 loans.
Rural development flag	A checkmark in this box indicates that this is a Rural Development mortgage loan. Note: Only mortgage loans should be flagged as RD loans.
Next interest accrual date	The month and year (MMYYYY) that interest will next be accrued on the participation loan system for this loan. This field is only used for 360-day interest calculation type loans and defaults based on the *Monthly interest accrual day* from the Settlement Calculation Routine Configuration. This field conditionally displays for FNMA, FHLB and P360 loans only.

Buttons

Command Key	Description
Add/Update (F5)	Use this to save all changes. If creating a new record, a window will appear to allow you to choose whether or not to create a journal entry batch for posting to your general ledger.
Adjustment (F9)	Use this to post a loan payment adjustment to the participation loan. The screen shown on **Page 22** will appear.
Acct Inquiry (F12)	Use this to view Member Account Inquiry for this loan account.
History (F13)	Use this to view a history of all settlement and adjustment transactions posted to this participation loan. The screen shown on **Page 24** will appear.
Account Analysis (F15)	This function is generally not used for FHLB loans. For loans with PLI% less than 100%, use this to view an analysis of all investor positions on this loan.

Note: The loan must exist in the member loan file to be added to the participation loan system.

If creating a new participation loan, the following window will appear when *Add/Update* (F5) is used:
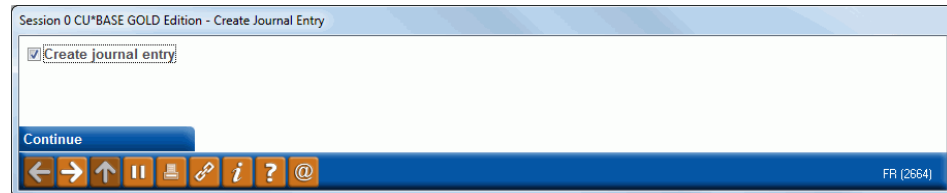
If this box is checked, a J/E batch will be created and will await posting to your general ledger. Use **Create/Post Journal Entries** to post the journal batch.

> <u>Note on *PLI start date*</u> – If an incorrect "PLI start date" is entered on a new loan, the loan must be deleted and re-added to the participation loan system. You cannot change the "PLI start date" after the loan has been added. It is recommended that you only change the "PLI start date" prior to when payments are posted to the loan history. If you delete and re-add the loan with a correct "PLI start date" after payments are posted, you will need to re-post the history activity from the original "PLI start date". Remember to not check the "Create journal entry" box if the new loan has already posted to the G/L.

New FHLB Loans

FHLB loans are set up with a *settlement calculation routine* of FHLB and have a *settlement type* of AA (Actual/Actual). When adding new FHLB loans to the participation loan system, keep in mind the following:

- *Next Interest Accrual Date* should be set to the same MMYYYY as the first payment due date (this is the "First Pmt Date" from the FHLB Schedule of Mortgages.

- *PLI loan rate* is set to .25% less than member loan rate ("Note Rate" on the FHLB Schedule of Mortgages).

- *PLI projected payment* is set to the "P&I Payment" from the FHLB Schedule of Mortgages.

  > *Note: The payment amount on the member file should also equal the "P&I Payment" amount from the FHLB Schedule of Mortgages. If it does not match, you must update the payment amount on the member file.*

- *PLI start date* is set to the "Settlement Date" from the FHLB Schedule of Mortgages.

- *PLI end date* should equal *Loan maturity date.*

- *Rural Development Flag* is set to a Y for loans that are Rural Development (if applicable).

  > *Note: The same criteria above applies to MPF Xtra loans, but in addition a Reference Number of 10 digits must be entered.*

Note: For new MPF Xtra loans, the settlement calculation routine is FNMA with a settlement type of AA and a company code of MPX.

Remember that **Tool #768 PL 3:** *Review Unfunded Participation Ln* helps to identify new FHLB loans that exist on the member file but need to be added to the participation loan system.

Special Steps for in house loans sold to FHLB

Step 1 – Loan category maintenance

Because FHLB requires segregation of loans, a separate loan category is used. When an existing (portfolio) loan is sold to FHLB, the credit union performs maintenance to change the existing loan category to the appropriate FHLB loan category. The principal G/L account is also changed. In nightly processing, the system will automatically make the journal entry to move the principal balance and accrued interest to the new loan category, but no entries are done for the interest income. If the loan has accrued interest since the open date, it is recommended to review the accrued interest due amount on the loan and adjust the income by creating a journal entry to debit the old income G/L account and credit the new income G/L account*. This is to ensure your servicing income for the month is calculated correctly.

> *Hint: Simply look at the accrued interest due on the member loan to determine the journal entry amounts for adjusting the income G/L accounts.*

Step 2 – Escrow account maintenance

If this FHLB loan has an existing escrow share account, the credit union performs maintenance to change the existing dividend application to the appropriate FHLB dividend application. The principal G/L account is also changed. In nightly processing, the system will automatically make the journal entry to move the principal balance to the new escrow product.

PARTICIPATION LOAN ADJUSTMENT

Adjustment (F9)

Make sure that the Transaction posting date is dated properly. This date is used for the journal entry and for PL history.

	G/L Account	Debit	Credit	Balance	Adj Balance
Principal paid	716.01	0.00	0.00	117.24	117.24
Interest due	853.01	0.00	0.00	0.00	0.00
Interest paid	117.01	0.00	0.00	287.28	287.28
Total settlement	899.01	0.00	0.00	25,037.95	25,037.95
Offset G/L account		0.00	0.00	0.00	0.00
Totals		0.00	0.00		
Net				0.00	

Session 0 CU*BASE GOLD - FRANKENMUTH CREDIT UNION

Participation Loan Adjustment

PL investor 001 FHLB
Loan account 5415 711 JAMES F MEMBER
PL type 01 FHLB

Reference # 5415
Original loan amount 77,000.00
Sequence # 1

Tran post date Jul 12, 2016 [MMDDYYYY]
Tran description PLI ADJUSTMENT

Principal balance (before) 70,598.73
Last settlement date May 02, 2016

Principal balance (after) 70,598.73

Create J/E
Refresh

FR (2648) 7/12/16

This screen is used to post an adjustment to a loan account in the participation loan system, with a corresponding entry created for posting to the general ledger. The "Balance" column represents amounts from the most recent settlement. After pressing **Enter**, the "Adjusted Balance" column will reflect updated balances based on entries made on this screen.

Some possible uses for this feature:

- To adjust the participation amounts due to errors or incorrect information posted during the settlement process, i.e. an adjustment to interest.

- To correct PL history and create corresponding journal entry for reporting file exceptions, i.e. to correct exceptions from government reporting prior to accruing interest.

- When converting from a paper system to the online tracking system, an adjustment might be needed to bring the balances exactly in line.

> *Remember that many of these situations can be handled during a settlement by updating the work file before it is posted. The method you use depends on the situation and whether you wish to have a separate adjustment transaction recorded in the PL general ledger. (See **Page 42** for details about editing a settlement work file.)*

The adjustment screen typically is not used for non-government loans (PART or P360) because these loans generally only settle once a month to the investor and adjustments done during the month will not be included in the monthly investor reporting. For PART/P360 participation loans,

adjustments are done when editing the settlement work file and therefore will display on the Final Settlement Detail Report.

When done, use **Enter** to refresh the screen and check for any errors. Note: The "Principal balance (after)" will reflect the updated balance to be posted. Then use *Create Journal Entry* (F5) to post the transaction to the participation loan and create a journal entry batch that gets posted to the G/L.

Session 0 CU*BASE GOLD Edition - Adjustment to Principal
Any adjustment to principal in the middle of the period will not affect the monthly accrual or interest.
Continue
← → ↑ ❚❚ 🖨 🔗 i ? @   FR (2649)

This is a reminder that any changes to principal will result in a new "starting" principal amount used by the settlement calculations. In other words, the new, adjusted principal balance will be considered "retroactive" to the start of that settlement period, and will be used when calculating interest accruals for settlement. **To avoid confusion, we recommend that adjustments that affect principal be done immediately after settlement has been posted, or handled as a change to the settlement work file itself, rather than a separate adjustment transaction.** (See **Page 42** for details about editing a settlement work file.)

Use **Enter** to complete the transaction.

> IMPORTANT: Remember to use **Create/Post Journal Entries** to post the journal entry to the general ledger.

Field Descriptions

Field Name	Description
Transaction posting date	Enter the date to which this transaction should be posted.
	Note: For correcting reporting file exceptions, be sure that the *Transaction posting date* corresponds with the appropriate settlement period for the adjustment. For example, if it is 5/2 and you are processing an adjustment for 4/30 (the prior settlement period for FHLB), the transaction posting date should be 4/30/2011. If you use the 5/2 date, it may create an exception for the current reporting cycle (5/1 -5/31).
Transaction description	Enter a description for this transaction. The default is PLI ADJUSTMENT but it can be changed.
Last settlement date	The last date on which a settlement was posted for this participation loan.
Principal balance (before)	The participation loan principal balance prior to adjustments made on this screen.
Principal paid Interest due Interest paid Total settlement	Use these fields to enter the amounts to be debited or credited to the appropriate G/L accounts for this loan. The G/L Accounts shown represent the accounts that will be debited or credited.
	> An error message will appear upon using Enter if both a debit and credit entry are placed on the same line: **3015-Both debit and credit amounts cannot be greater than zero.**

Field Name	Description
Offset G/L acct	This line is used to post offsetting entries using an activity "clearing" or settlement account, or could represent the cash offset account. Enter both the G/L account number and the debit or credit amount.
Principal balance (after)	The participation loan principal balance after adjustments made on this screen.

Manual adjustments for government investors after PL interest accrual

For government investors, once you have processed the PL interest accrual, you cannot backdate the "Transaction posting date" on the PL Adjustment screen. If interest amounts need to be adjusted due to reporting file exceptions or a payoff, you must make manual G/L journal entries per the instructions on **Page 45.**

PARTICIPATION LOAN HISTORY

History (F13)

This screen shows a history of all transactions posted to this participation loan including regular settlement activity as well as any adjustments posted manually. Notice the Term column showing the term for which the settlement applies. If an "A" appears after the term number, this transaction represents an adjustment manually posted after settlement. (See **Page 16** for details on posting manual adjustments.)

Making corrections to the history file is only done in rare instances. Contact a representative of the SRS Mortgage Servicing Team mortgageservicing@xtendcu.com for help with adjustments to the history file.

PARTICIPATION LOAN ACCOUNT ANALYSIS

Acct Analysis (F15)

This screen displays when you use *Account Analysis* (F15), either from the initial Participation Loan Inquiry/Update screen (when a single loan account is selected, as shown on **Page 13**) or from the Participation Loan Setup screen (shown on **Page 15**).

This screen is used to view an analysis showing all investor positions on this loan, including your credit union's interest as the originating credit union, and a breakdown of all other investors who own a portion of this account.

- The "Summary" section shows the loan account as it stands on your credit union's books as the servicing credit union.

- The "Detail" section shows all portions of the loan owned by investors, as of the last settlement date. Note: Closed loans are not displayed.

- The "Net CU" information shows the net difference between the balance of the loan on your credit union's books, minus the balances owned by other investors.

This screen is generally used to view loans that are owned less than 100% by the investor (i.e. for PART or P360 participation loans).

> *For a report with similar information as this inquiry screen, refer to* **Page 62**.

PARTICIPATION LOAN INQUIRY

Participation Loan Inquiry (Tool #580)

Session 0 CU*BASE GOLD Edition - Participation Loan Inquiry/Update

PL investor # **000** - Or - Loan account _____ ___ - Or - Reference # _____

Search Investors

FR (2661)

This is the first screen used to view participation loan accounts. You can view general information about the loan and also view an investor's current position on a loan or review settlement history on a loan.

- To work all loans for a specific investor, enter the PL Investor #and use **Enter** to proceed to the next screen.

- Enter either the loan account base and suffix or the reference number attached to the participation loan record, then use **Enter** to proceed to the second screen.

> *CU*TIP: Use "Search Investors" (F12) to view a list of current Participation Loan Investor (PLI) codes. The screen shown on **Page 84** will appear with the listing of configured investors. Use **Select** to choose an investor.*

The second screen will look slightly different depending on what was entered on the initial screen.

Screen 2 (if PLI # was entered on initial screen):

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Participation Loan Inquiry

			Last Settlement	
		Total PL principal balance		137,714,747.45
PL investor # **002** FANNIE MAE		Total PL interest due		24,055.54

Account	Type	Seq #	Name	Reported Month	Reported Balance	Reference
1	790	001	MARY M MEMBER	Sep 30, 2013	92,159.31	4007785505
	790	001	JAMES A MEMBER	Sep 30, 2013	114,325.16	4007265310
	790	001		Sep 30, 2013	221,076.86	4009224374
	790	001		Sep 30, 2013	273,309.51	4009577262
	790	001		Sep 30, 2013	69,208.18	4009289105
	795	001		Sep 30, 2013	35,678.22	4006771003
	790	001		Sep 30, 2013	39,232.25	4008213123
	790	001		Sep 30, 2013	55,315.68	4007930284
	790	001		Sep 30, 2013	38,056.55	4008778051
	790	001		Sep 30, 2013	140,250.61	4009189056
	790	001		Sep 30, 2013	75,419.27	4006211473
	790	001		Sep 30, 2013	75,002.88	4009530239
	790	001		Sep 30, 2013	80,059.99	4008235756
	795	001		Sep 30, 2013	86,829.52	4007016122
	790	001		Sep 30, 2013	36,800.00	4009489419
	790	001		Sep 30, 2013	92,021.45	4008558906

■ PL Inquiry   ■ Member Inquiry

HINT: Use *Sort by Reference* (F11) to toggle the sort from Account to Reference # .

Sort by Reference

Search Investors

FR (2665) 11/26/13

Screen 2 (if Loan Acct was entered on initial screen)

This screen shows all loans currently attached to investors or the single loan account selected. Use the fields at the top of the screen to choose a different PLI or a different loan account. Use **Enter** to refresh the screen.

Field Descriptions

Field Name	Description
Account	The participation loan account.
Type	The participation loan account suffix.
Seq #	A sequence number attached to this record. The number is incremented if a loan is added to the same investor multiple times. The sequence number will always be 001 for FHLB loans because these loans are 100% owned by investor.
Name	The member name.
Reported Month	This is the last date the loan was reported to the investor (in this case FHLB).
Reported Balance	The balance on the loan account as of the last time the loan was reported to the investor.
Reference	The reference number is user defined and can be used when printing reports or when locating this record for maintenance and inquiry. Note: For MPF Xtra loans (using the FNMA settlement calculation routine) a reference number of 10 digits is required.

Buttons

Command Key	Description
Toggle Sort (F11)	Use this to toggle sort between account or reference #.

Command Key	Description
Search Investors (F12)	Use this to view a list of the current configured participation loan investors.
Account Analysis (F15)	This function is generally not used for FHLB loans. For loans with PLI% less than 100%, use this to view an analysis of all investor positions on this loan.

- To view details for an account without changing anything, select it in the list and use the **PL Inquiry** option. A view-only version of the Participation Loan Setup screen (shown on **Page 15**) will appear.

- To view current details about a loan account using CU*BASE Member Account Inquiry, select the account in the list and use the **Member Inquiry** option.

This screen shows details about this participation loan account, both from the credit union's perspective (Current Loan Status/Servicing Information) as well as the investor's point of view (Last Settlement Detail/PLI Terms).

Refer to **Page 16** for detailed descriptions of the fields on this screen.

SETTLEMENT/WORK FILE PROCESSING

REVIEW MEMBER ACTIVITY

PL 2: Review Mbr Activity on Part. Loans **(Tool #766)**

Field Name	Description
Corp ID	Corporation ID, defaults to 01.
Transaction date range	The range of dates for the member activity.
PL investors	This is a Select button that allows you to select one or multiple investors to print on the report. (See **Page 84** for information about configuring PLIs.) A value is required, blank is none.

Before running a work file, run this report to review member payment activity on the selected loans. Enter the "Transaction date range" and the "PL investors". The report is viewed on the screen and printed via *Print Report* (F14) if desired.

To help determine the "Transaction date range", check the last time that a settlement work file was processed. For example, if the last payment work file was posted for 1/31/11 and today is 2/10/11, then use 02/01/2011 to 02/09/2011 for the date range.

Keep in mind that this report can be run using any date range, but will only provide activity if transactions exist on the member transaction files. The prior 12 months of member activity is available.

Member Activity on Participation Loans

CORP 01   CREDIT UNION

Date range   Sep 01, 2013 to Sep 30, 2013

	Total tran amount	2,935,678.70
	Total principal	2,935,678.70
	Total interest	425,379.74

PLI	Loan Account	Tran Date	Tran Amount	Principal	Interest	Res Balance	Description	Description 2
002	790	9/02/2013	468.82	141.43	327.39	92,301.24	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	745.66	339.44	406.22	114,359.52	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	152.87	152.87	0.00	114,512.39	XFER FOR ESCROW	
002	790	9/30/2013	1,002.27	356.44	645.83	221,076.86	PC CU TRANSFER	790 FANNIE MAE LOAN
002	790	9/02/2013	1,422.59	508.92	913.67	273,595.57	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	112.09	112.09	0.00	273,707.66	XFER FOR ESCROW	
002	790	9/02/2013	488.61	328.45	160.16	69,560.20	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	11.40	11.40	0.00	69,548.80	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PRIN
002	795	9/02/2013	984.56	844.42	140.14	36,525.81	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/30/2013	461.41	357.95	103.46	39,370.84	TRANSFER PAYMENT	MBR-ELECTED PAYMENT
002	790	9/30/2013	138.59	138.59	0.00	39,232.25	TRANSFER PAYMENT	MBR-ELECTED PRINCIPA
002	790	9/02/2013	679.15	527.83	151.32	55,343.23	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/02/2013	250.52	250.52	0.00	55,593.75	XFER FOR ESCROW	
002	790	9/02/2013	267.38	187.32	80.06	38,244.26	AUTO. FUNDS TRANSFER	AFT MBR-ELECTED PAYM
002	790	9/12/2013	680.41	349.25	331.16	75,344.60	PC CU TRANSFER	MBR-ELECTED PAYMENT
002	790	9/12/2013	19.59	19.59	0.00	75,325.01	PC CU TRANSFER	MBR-ELECTED PRINCI
002	790	9/12/2013	222.08	222.08	0.00	75,547.09	XFER FOR ESCROW	
002	790	9/29/2013	680.41	349.90	330.51	75,197.19	AUTO. FUNDS TRANSFER	

■ Account Inquiry

Sort by Account

Print Report

FR (4084) 10/31/13

If there is payment activity (regular payments, principal curtailments, account adjustments, payoffs), then the next step is to run a work file to process the payments.

> *Important Note: You are required to run an end of month work file for FHLB loans regardless of whether there is member loan activity.*
>
> *Note: For MPF Xtra loans, you are required to run a work file the next business day after any payment activity.*

Refer to **Page 71** for detailed information on this report

REVIEW UNFUNDED PARTICIPATION LOANS

PL 3: Review Unfunded Participation Ln (Tool #768)

Field Descriptions

Field Name	Description
Corp ID	Corporation ID, defaults to 01.
Loan categories	This is a select button that allows selection of 1 or more loan category codes. At least one entry is required.

For daily processing, before running a work file, run this report to identify unfunded (new) loans by loan category code. The report is viewed on the screen and printed via *Print Report* (F14) if desired.

Unfunded loans are open on the member file, but do not exist on the participation loan file. This report helps to identify new loans that should be added to the participation loan system and loans waiting to be funded by FHLB. Refer to **Page 12** for the steps to add a loan to the PL system.

REVIEW PAID OFF MEMBER LOANS

PL 4: Review Paid Off Participation Lns (Tool #767)

Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Loan categories	This is a select button that allows selection of 1 or more loan category codes. At least one entry is required.
Closed date range	This is the closed date range based on the date the loan closed on the member file.

For daily processing, before running a work file, run this report to identify closed (paid off) member loans. The report is viewed on the screen and printed via *Print Report* (F14) if desired.

The report is used to identify paid off loans that will need an interest adjustment in the PL work file. If the participation loan status is an "E" (Existing), the closed loan is open on the participation loan system.

This report may be helpful for cleaning up the participation loan files. By identifying the closed (paid off) member loans, the loans with a participation loan status "C" (Closed) can be manually deleted from the participation loan system by accessing **Tool #119** *PL 1: Add/Maintain Participation Loans*, selecting the loan, then clicking **Delete.**

> *Note: Be sure that the principal and interest is paid to zero in the work file before deleting the loan from the participation loan files.*

Refer to **Page 74** for detailed information on this report.

PAID OFF LOAN SCENARIOS

Below are some examples of different payoff dates throughout the month and the appropriate interest adjustment. These examples are for a FHLB AA loan based upon a *Next Interest Accrual Date* of the 1st of the month and a *PLI loan rate* of 5.00%

Loan Payoff Date	Principal Balance	Last Pmt	Past Due Interest	Interest Due (current)	Manual Interest Adjustment in Work File	Resulting Interest Paid
6/4/11	$94,899	April	$395.42	$395.42	Clear *Interest Due* and adjust *Interest Paid* to include both *Past Due Interest* and *Interest Due* plus payoff adjustment of $39.00 (3 days of interest for June 1-3rd)	$829.84 ($395.42+ $395.42 + $39.00)
6/4/11	$94,899	May	$0.00	$395.42	Verify *Interest Due* equals zero and adjust *Interest Paid* by $39.00 (3 days of interest for June 1-3rd))	$434.42 ($395.42 + $39.00)
5/25/11	$94,899	May	$0.00	$0.00	Adjust *Interest Paid* to $312.00 (24 days of interest for May 1-24th)	$312.00
5/25/11	$94,899	June	$0.00	$0.00	Adjust *Interest Paid* to $-78.00 (6 days interest refunded May 26-31)	$-78.00

CREATE/POST PL PAYMENT WORK FILE

PL 5: Create/Post Part. Ln Pmt Work File (Tool #314)

This is the first screen used for creating a work file. Enter a "Settlement calculation routine" and "Settlement type". "Company code" is optional and will not display if no company codes are configured for your credit union.

> *For MPF Xtra loans, the settlement calculation routine of FNMA is used with a recommended company code of MPX.*

Field Descriptions

Field Name	Description
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard participation loans), and P360 (other 360 mortgage loans).
Settlement type	The method used for determining how funds are paid to the investor: either by *AA (Actual/Actual)*, taking into account actual activity on the loan or *SA (Scheduled/Actual)*, taking into account scheduled interest and actual principal collected from the member.
	Note: The *SS (Scheduled/Scheduled)* settlement type is not available for use at this time.
Company code	This is a 3 position code that identifies companies that service participation loans, i.e. a mortgage CUSO.
	Note: If no Company Codes are configured, this field will not display.

Create/Post Work File for PLI Payments NO WORK FILE PRESENT

Settlement calculation routine FHLB
Settlement type AA

☐ Job queue
Copies 1
Printer P1 🔍

Settle through date Apr 23, 2019 📅 [MMDDYYYY]
☐ Export final settlement report to file
Report format Activity type ⌄
Process ⌄

Interest Calc 1st of month, based on EOM balances
from prior month
Process workfile daily, all funds to be deposited
into Custodial Accts
Process of last day of month work file required
before settlement with investor
Settle with investor monthly through EOM
Settlement to take place by the 3rd bus day from
Accounting period Cutoff date=last day of month
Monthly settlement file creation required before
processing Interest Accrual
FHLB receives all principal and all interest as
paid by member

URL: http://www.allregs.com/tpl/public/mpf_tll.aspx
↗

Delete Work File

← → ↑ ‖ 🖨 🔗 𝑖 ? @   HA (4115) 4/24/19

This is the second screen used to create, work, or post a work file for loans in the selected "Settlement calculation routine", "Settlement type", and "Company code" (if applicable). Settlement can be performed for all loans, a batch of loans with the same PL Investor, or for a single loan account.

Steps for Processing a Work File

1. Enter the "Settle through date". This date usually defaults to the prior day. There are two exceptions: 1) It is after the first of the month and the month end work file has not been processed. In this case, the month end date will default. 2) A work file already exists for a prior date.

    > *For FHLB loans, the system requires a month end work file to be created and posted.*

2. Check the box if you would like to Export final settlement report to file.

3. Choose the "Report format" for the Participation Loan Settlement Detail Report, Activity type (A), Member payment dates (D) or Both (B). Default is A for Activity Type. Refer to **Page 57.**

4. Choose either "Process" option "1=Calculate settlement for investor/loan" or "2=Calculate settlement for all loans" to create the work file (See **Page 37** for more detail on the Process options). Enter to create the work file.

    > *A work file cannot be created if one already exists for that date, even it if contains only one record. If Work File Status reads "Work File Exists," use Delete Work File (F16) to delete the existing work file.*

5. A message will display showing the number of records written into the work file. The Trial Report version of the Settlement Detail Report will generate (see **Page 57** for a sample of this report). This report lets you review settlement information before the settlement is posted.

6.   If desired, use "Process" option "3=Work with Settlement Work File" to review the payment information in the work file and process maintenance to loan accounts. The Trial Version of the Settlement Detail Report will generate from this step.

7.   Choose "Process" option "4=Post Work File" to post the work file to the participation loan history and create the journal batch. A message will appear showing the number of records posted. The Final Version of the Settlement Detail Report will generate.

> *Once you have posted a work file and exited the screen, you cannot re-create a work file for the same date. To make any adjustments to a loan after posting the work file, use the adjustment screen on* **Page 22***.*

> *The PL system contains edits for FHLB loans to ensure that all the monthly processing steps occur in the correct order (i.e. must settle payments for the month prior to government reporting, must report to FHLB prior to interest accrual). Because of these edits, the system requires all FHLB loans to be settled for the reporting period prior to processing payments for the next settlement period. This is regardless of whether there was payment activity on the loans.*

Field Descriptions

Field Name	Description
Work File Status	The status on the top right of the screen will either be "WORK FILE EXISTS" or "NO WORK FILE PRESENT". The system allows only one work file for each *Settlement calculation routine* and *Settlement type* to be present at a time. If one has been created (even if it only contains one account), this will read "WORK FILE EXISTS." You may use Process option 3 to modify the work file items, or use *Delete Work File* (F16) to clear the work file (status will change to "NO WORK FILE PRESENT").
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365 participation loans), and P360 (other 360 mortgage loans).
Settlement type	The method used for determining how funds are paid to the investor: either by *AA (Actual/Actual)*, taking into account actual activity on the loan or *SA (Scheduled/Actual)*, taking into account scheduled interest and actual principal collected from the member.
	Note: The *SS (Scheduled/Scheduled)* settlement type is not available for use at this time.
Company code	This is an optional 3 position code that identifies companies that service participation loans, i.e. a mortgage CUSO.
	Note: If no company codes are configured at your credit union, this field will not display.
	> *Note: MPF Xtra loans have a company code of MPX.*

Field Name	Description
Settle through date	Choose a date for this settlement. All payments made from the last settlement date through (but not including) this date will be included in the settlement work file. Exception: For PART loans, when a work file is run for a single loan account, current day transactions will be included.
Report format	The report format for the Settlement Detail Report. Options are: **Activity type** (A) displays Activity types in the far right columns. Activity types include regular payment, principal curtailment, paid ahead, payment adjustment, new loan, past due loan and paid off loan. **Member payment dates** (D) displays the last payment date, next payment date, # of transactions (#Trn) and adjustments (#Adj). Both (B) will generate both versions of the report. Refer to **Page 57** for more information on the Settlement Detail Report.
Process	Select one of the following options, then use Enter to proceed: **(1) Calculate Settlement for Investor/Loan** - Use this option to create a settlement work file for a batch of loans, either according to the investor or to settle just a single loan account. If this is selected, additional fields will appear (described below) and should be completed before using Enter to continue. **(2) Calculate Settlement for All Loans** - Use this option to create a settlement work file for ALL existing participation loan accounts within the settlement calculation routine and settlement type, regardless of investor. When Enter is used to continue, the system will create the work file. When done, a message will appear indicating the number of records placed into the work file. Use Enter to continue. **(3) Work With Settlement Work File** – After a work file is created, this option is used to review the work file and modify individual amounts for situations like payoffs, new loans, or delinquent loans over 2 months. These new amounts will be used when the work file is posted. The screen shown on **Page 42** will appear. **(4) Post Work File** - After the work file is generated and all needed maintenance has been done, use this option to post the work file and create a journal batch that will await posting in the General Ledger. **IMPORTANT:** Remember to use the Create/Post Journal Entries command (MNPART #6 or MNGELE #1) to post the batch to the G/L.
PL investors	*(Appears only when Process (1) is selected.)* This is a Select button that allows you to settle loans for one or multiple investors within the *Settlement calculation routine*. See **Page 84** for details on configuring PL investors.
Process single loan account	*(Appears only when Process (1) is selected.)* To settle for just one loan account (such as if the loan account is being paid off), a single payment needs to be processed, or the terms of

Field Name	Description
	the loan modified, use this field to enter the account base and suffix.
Tips	The settlement tips for the investor as defined on the Settlement Calculation Routine Configuration. Refer to **Page 88.**
URL	The URL for the investor as defined on the Settlement Calculation Routine Configuration. Refer to **Page 88**.

Settlement Detail Report

The Participation Loan Settlement Detail report generates when creating, working or posting a settlement work file. The Trial Report version generates when creating or working the work file to give you a "before" picture of the work file (*Process* options 1, 2 or 3 described on **Page 37**). The Final Report version generates when posting a work file (*Process* option 4).

There are two formats for the Settlement Detail Report, Activity Type or Member Payment Dates. It is recommended to run the Activity Type format for FHLB loans. Refer to **Page 57** for more information and sample reports.

PL WORK FILE PAYMENT PROCESSING

The following types of loan payments can be processed in a work file:

Field Name	Description
Regular Payment	Transaction File = 1) Tran Code 22 and not a Principal Curtailment or a Paid Ahead Payment 2)Tran Code 23/Tran Type 60 or 61 (delinquent fines is 60, escrow transfers is 61).
Principal Curtailment	Transaction File = Tran Code 22 and principal payment applied without payment (principal is paid, interest is not paid)
Paid Ahead	Transaction File = Tran Code 22 and Tran Type 15.
Payment Adjustment- post payment	Transaction File = Tran Code 24 and Tran Type 85.
Payment Adjustment- reverse payment	Transaction File = Tran Code 25 and Tran Type 95.

> *For FHLB loans, a work file will never contain same day payments. You can only create a work file for a prior day. For current day payments, you must wait until the following day to process those payments.*

The Activity Type version of the Settlement Detail Report generated when the work file is created will help to identify the type of payment in the work file. Refer to **Page 57** for more information on Activity Types and this report.

How loan payments are handled

When a work file is posted for FHLB loans (settlement calculation routine FHLB), the system updates the participation loan "Principal Paid" and "Interest Paid" fields as follows:

FHLB Settlement Type AA

Type of Payment	*PL Principal Paid*	*PL Interest Paid*
Regular Payment	Increase PL *Principal paid* by the principal paid on the transaction record.	Populate from the *PL interest due* (or *PL past due interest* if applicable)
Principal Curtailment	Increase the PL *Principal paid* by the principal paid on the transaction record.	Do not populate
Paid Ahead	Increase the PL *Principal Paid* by the principal paid on the transaction record	*Calculate by multiplying the current *PL principal bal* times the *PLI loan rate* then divide by 12. The *Next Interest Accrual Date* is advanced one month.
Payment Adjustment-post payment	Increase PL *Principal Paid* by the principal paid on transaction record	Not populated. Interest is manually adjusted.
Payment Adjustment-reverse payment	Reduce PL *Principal Paid* by the principal paid on the transaction record	Not populated. Interest is manually adjusted.

Paid ahead payments

For FHLB AA (Actual/Actual) loans, a payment is considered "paid ahead" if made prior to the interest calculation date. A "paid ahead" payment is identified with a different transaction code than regular payments (refer to **Page 38)**. If the member makes a "paid ahead" payment, the PL system contains similar logic as the member file that calculates the interest amount "on the fly" using the calculation above*. The "Next interest accrual date" is also advanced by one month.

PROCESSING PAYMENTS FOR A PAST DUE LOAN

To help identify loans that are past due in a work file, check the Settlement Detail Report for loans with Activity Type F (Past Due Loan). Refer to **Page 57** for more information on this report.

For FNMA, FHLB, and P360 loans with settlement type of AA (Actual/Actual), the "Past due interest" gets populated during PL interest accrual*. If an interest amount resides in the current "Interest due" field (no payments occurred), this "Interest due" amount will be added to the "Past due interest" field and the newly accrued interest will move into the current "Interest due" field.

> *Remember that interest accrual for FHLB loans occurs by using Tool #107 Accrue Interest for 360 Particip. Loans .

When processing payments for a past due loan in a work file, interest is pulled from the "Past Due Interest" field first, then the current "Interest Due" field.

> Note: There can be more than one month's worth of interest in the Past Due Interest field. Be careful when reviewing the interest moved into Interest paid and adjust interest amounts appropriately.

If a loan is more than two months past due, you may have to do a manual adjustment to "Interest Paid" field in the work file. This is because the entire amount of "Past Due Interest" gets moved to "Interest Paid" when the work file is created. If you reduce the "Interest Paid" amount because of multiple months in "Past Due Interest", be sure to put the appropriate amount of unpaid interest amount back in the "Past Due Interest" field when editing the work file.

Past Due Loan Examples – FHLB AA

Loan is 1 month past due – no interest adjustment needed.

Pmt 1	Pmt 2	Past Due Interest (before)	Current Interest	Work File Processing	Work File Interest Adjustment	Past Due Interest (after)	Current Interest Due
$450	None	$300	$300	$300 Past Due Interest moved to Interest Paid	None	$0.00	$300
$450	$450	$300	$300	$300 Past Due Interest moved to Int Paid and $300 Interest Due is moved to Interest Paid	None (Loan is now current)	$0.00	$0.00

Loan is 2 months past due – interest adjustment required

Pmt 1	Pmt 2	Past Due Interest (before)	Current Interest	Work File Processing	Work File Interest Adjustment	Past Due Interest (after)	Current Interest Due
$450	None	$600	$300	$600 Past Due Interest moved to Interest Paid	$300 moved from Interest Paid to Past Due Interest	$300	$300
$450	$450	$600	$300	$600 Past Due Interest moved to Interest Paid and $300 Interest Due moved to Interest Paid	$300 moved from Interest Paid to Current Interest Due	$0.00	$300

Loan is 3 months past due – interest adjustment is required

Pmt 1	Pmt 2	Past Due Interest (before)	Current Interest	Work File Processing	Work File Interest Adjustment	After Past Due Interest	Current Interest Due
$450	None	$900	$300	$900 Past Due Interest moved to Interest Paid	$600 moved from Interest Paid to Past Due Interest	$600	$300
$450	$450	$900	$300	$900 Past Due Interest moved to Interest Paid and $300 moved from Interest Due to Interest Paid	$300 moved from Interest Paid to Past Due Interest and $300 moved to current Interest Due	$300	$300

EDITING A WORK FILE

This screen appears when you select Process option (3) from the initial work file screen.

Use this screen to view the contents of this work file before it is posted to the participation loan general ledger. You can modify interest and principal amounts in the work file. Changes made here will affect only this work file. If this work file is deleted before posting and later recreated, the changes will be lost.

The types of modifications made to a work file might be for adjusting the interest amounts due to a payoff or on loans delinquent more than two months. Also, there could be unique circumstances for a specific loan that requires an adjustment in a work file.

To modify an item, place your cursor on the item and use **Enter** or click **Select** to proceed to the next screen (shown on **Page 43**).

Buttons

Command Key	Description
Toggle (F11)	Use this to toggle between the normal display and an alternative display that shows PLI name, member name, sequence and term.
Summary (F15)	Use this to display a summary showing total settlement amounts for each PLI included in this work file.

Update

Use this screen to adjust the amounts that will be posted to an individual participation loan record when this settlement work file is posted. The only fields that can be updated are "Past Due Int", "Interest due", "Principal paid", and "Interest paid". The total settlement amount (*Principal paid + Interest paid*) will be recalculated automatically after your changes are made. When done, use *Save* (F5) to save and return to the previous screen.

Field Descriptions

Field Name	Description
Past Due Int	This is the amount of interest that is past due on the loan. *Note: This field does not display for FHMC or PART loans.*
Interest due	The amount of interest due on the loan.
Principal paid	The amount of principal that will be paid to the investor, based on all payments that were made on the loan.
	If no payments were made, this will be zero. If you wish to pay the investor anyway, simply enter the principal payment amount here.
Interest paid	The amount of interest that will be paid to the investor, based on all payments that were made on the loan.
	If no payments were made, this will be zero. If you wish to pay the investor anyway, simply enter the interest payment amount here (be sure to also adjust *Interest Due* accordingly).

Summary (F15)

This screen appears when you use *Summary* (F15) from the Work File editing screen (shown on **Page 42**). This screen summarizes all of the loans included in this work file according to the Participation Loan Investor, with a total number of loans included and the total settlement amount that should be paid to each investor when this settlement is posted.

CREATE/POST GL JOURNAL ENTRIES

Create/Post GL Journal Entries (Tool #61)

PL in the ID column identifies this as a participation loan batch.

A journal entry batch gets created when a work file is posted and can contain entries for new loans, payments and interest accrual. Generally, there is one journal entry batch created for ID "PL" per day, therefore you may see multiple investors in the same batch.

To review the items in the batch, double click on the batch (or highlight and click **Change**). On the next "Maintain Journal Entries" screen, use *Post* (F2) to post the journal entry batch.

Manual Journal Entry (adjustments) after investor reporting

To adjust interest amounts due to investor reporting exceptions after PL interest accrual OR for prior reporting cycle payoff adjustments, you must use this screen rather than the PL Adjustment screen described on **Page 22**. This is so that the entries are allocated to the G/L for the appropriate reporting cycle period.

1. Access **Tool #61** *Create/Post GL Journal Entries*. Enter the following information to create the journal entry batch.

Last Date of Reporting Period

Current Posting Date

2. **Enter** to proceed to the "Maintain Journal Entries" screen and create the journal entry batch.

3. Process the journal entry as follows:

To pay the investor additional funds (underpayment):

To recoup funds already paid to the investor (overpayment):

These G/L accounts in these sample screens are the recommended G/L accounts described on **Page 91.**

    4. Process the appropriate account adjustment to the P&I Custodial Account.   Refer to **Page 47.**

Member Account Adjustment (Full) (Tool #492)

Use this screen to post payments or paid off funds to an investor P&I Custodial Account. This function is also used to post the escrow balance adjustments to an investor T&I Custodial Account.

Custodial Accounts are used for government investors to hold the daily funds owed to them until the amounts are settled with the investor (per the timing in the investor agreement). Custodial Accounts are not used with PART or P360 loans.

P&I Custodial Account Adjustment (Principal and Interest)

This account adjustment is used to post the funds from the PL settlement G/L account to the P&I Custodial Member Account.

1. Take the "Total Cash Settlement" amount from the Final version of the Settlement Detail Report (created from **Tool #314 *PL 5: Create/Post Part. Ln Pmt Work File***) and post the amount as a credit to the P&I Custodial Account offsetting the settlement G/L (typically 899-xx).

    > *Note: If separate work files were created for the same investor it is recommended that separate account adjustment entries are done for each. This way the transaction amounts listed in the member history will match back to the Settlement Detail Report totals.*

T&I Custodial Account Adjustment (Taxes and Insurance)

This account adjustment is used to post the amount needed to make the T&I Custodial Account match the balance of the total member escrow accounts.

1. Check the balance in the T&I Custodial Account.

2. Access the Escrow Share Detail Report and review the FHLB escrow accounts. (This daily LPLESC report lists escrow accounts by dividend application and has separate totals for the positive and negative balances). See **Page 66** for a sample of this report.

   > *Note: If there are no escrow accounts for the loans processed in the work file, then the next steps are not needed.*

3. Review the amount on the Escrow Share Detail Report for the "Total Positive Balances" and make either a debit or a credit entry to the T&I Custodial Account to match this balance. Use the appropriate Contra Escrow G/L account for the investor as the offset G/L#.

The next steps are only required if there is a "Total Negative Balances" amount for the FHLB escrow accounts on the Escrow Share Detail Report.

4. Check the balance in the Negative Escrow Funding G/L (generally 725.xx). Compare the escrow funding G/L balance to the "Total Negative Balances" on the Escrow Share Detail Report". Make a general ledger entry using *Create/Post G/L Journal Entries* to match these balances as follows:

   ➢ If the Negative Escrow Funding G/L balance is less than the "Total Negative Balances", post a debit to Negative Escrow Funding G/L and a credit to the Contra Escrow G/L; use the description "FUND NEG ESC ACCOUNTS".

   ➢ If the Negative Escrow Funding G/L balance is more than the "Total Negative Balances", post a credit to the Negative Escrow Funding G/L and a debit to the Contra Escrow G/L; use the description "RECLASS NEG ESC FUNDING".

Refer to the General Ledger section on **Page 97** for more information and examples of adjusting Custodial Accounts.

GOVERNMENT INVESTOR FILE

The credit union sends a monthly reporting file to FHLB. This file contains final settlement information for the appropriate reporting period.

This file is usually created between the 1st and 3rd of the month using the date range for the monthly reporting period (i.e. 6/1/2018 to 6/30/2018). FHLB's reporting cycle is by calendar month.

Be sure that you have a folder on your PC called FHLB. This is the location where the files will be stored for later transmission to Federal Home Loan Bank.

MPF XTRA LOAN REPORTING

As with Fannie Mae loans, reporting can occur any day of the month that there is loan activity, however it is not required unless one or more payoffs have occurred or it is CD22 reporting (see next paragraph).

Reporting of all loans regardless of activity is required on or before calendar day 22 (CD 22). The system will force this required reporting file on calendar day 23 if not already processed.

> *Important Note: It is up to the servicing credit union to pay attention to the calendar dates each month and process the CD 22 reporting file on or before the 22nd of the month.*

A reporting file must also be created as of end-of-month (EOM) to ensure that system control dates are updated properly and interest can be accrued. The EOM reporting should occur the 1st business day after month end.

Special Note: Security Requirements

Downloading files from the CU*BASE iSeries requires special security authorization by a CU*BASE representative. If you or a member of your staff needs to be able to download files, please contact a Client Service Representative to set up the proper permissions. Authorization by your credit union's designated Security Officer is required to grant these permissions. On a monthly basis, your Security Officer will be required to confirm the staff that have been given clearance to download files.

Contact the Lender*VP department at sales@lendervp.com and request access to the client access files required for the processing the download.

> *Important Note: Before creating and downloading the government investor file, be sure that you have created a file called "FHLB" on your PC. Refer to **Page 5** for the steps required to prepare your PC for downloads.*

CREATE/DOWNLOAD FHLB FILE

Create PL Government Investor File (Tool #304)

The first selection screen requires the "Settlement calculation routine" and "PL investors". The "Company code" is optional and will only display if your credit union has company codes configured. If multiple investors are selected, they must all have the same Seller/Servicer number.

Field Descriptions

Field Name	Description
Settlement calculation routine	Enter the Settlement Calculation Routine FHLB. *Note: For MPF Xtra loans enter FNMA.*
Company code	Enter the Company code if applicable. A lookup button lists the available Company Codes. If your credit union does not have any Company Codes configured, this field will not display on the screen. *Note: For MPF Xtra loans, enter company code MPX.*
PL investor #	This is a Select button that allows selection of one or multiple investors. Only those investors with the previously selected Settlement Calculation Routine are available for selection.

Government Reporting Steps (Regular FHLB Loans)

Screen 2 "Create PL Government Investor File"

Date range will default to the prior monthly reporting period.

1. Use *Create File* (F13) to create the FHLB investor file. Note: If you have not processed the last work file for the reporting period, you will get an error message and cannot proceed until you run the appropriate work file.

Note: The file name created for FHLB is FHLBSND (CU serviced). FHLB is currently not set up for an investor file with Company codes.

2. After creating the file, use *Upload File* (F14) to download the file from the iSeries to the PC. Once the download is complete, a popup window will display reminding you to accrue interest after reviewing exceptions from government reporting.

Session 0 CU*BASE GOLD Edition - Remember to accrue interest after reviewing any exceptions from government reporting.

Remember to accrue interest after reviewing any exceptions from government reporting.

Continue

HA (4094)
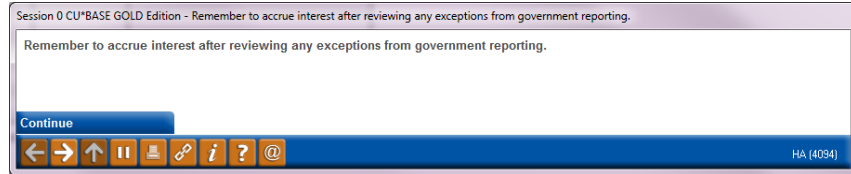
*Note: If you exit the "Create Monthly FHLB File" screen prior to using "Upload File" (F14), you will have to process the download by opening the client access file in your FHLB folder (File Type is "Data Transfer from iSeries") See **Page 54** for the manual steps.*

3. OPTIONAL STEP: Review the FHLB Report PFHLBLN that generated from Step 1. This report can be used for research.

4. Take the appropriate steps to upload the file to FHLB. Refer to your FHLB Servicing Guide.

5. On the next business day or after, review investor exceptions received from FHLB (CU is contacted by a FHLB representative).

*Note: Any adjustments should be done either as a manual journal entry described on **Page 45** or on the PL Adjustment screen described on **Page 22**.*

If the PL Adjustment screen is used, be sure that the adjustment transaction is dated in the appropriate settlement period (for example, if the adjustment is for settlement period 4/1-4/30 and it is 5/2, the adjustment transaction should be dated 4/30/11). Keep in mind that you may be required to run another end of cycle work file if the adjustment transaction does not get attached to the appropriate transaction record.

6. Process the interest accrual via **Tool #107 *Accrue Interest for 360 Particip. Loans***. Refer to **Page 55.**

Note: After creating the file, the Last Reported Date on the PL master and history files is updated to the last day in the reporting period.

Government Reporting Steps (MPF Xtra Loans)

Screen 2 "Create PL Government Investor File"

Field Descriptions

Field Name	Description
Fannie Mae servicer #	Fannie Mae servicer # will populate from the investor record
Date range	Date range defaults to the prior reporting period
Loans to report	Specifies whether only loans with activity since the last reporting period or all loans (monthly reporting file) should be reported. The option "Monthly reporting file" is selected for Fannie Mae's CD 22 (Calendar Day 22) reporting file. System edits only allow this option to be selected between the 19th and 23rd day of each month. For daily activity including EOM, "Only loans with activity since last reporting file" is selected.
Generate audit report sorted by	Indicate if the Fannie Mae Audit Report should generate by Account or Fannie Mae reference #. Refer to **Page** Error! Bookmark not defined. for a sample of the Fannie Mae Audit Report.

1. Use *Create File* (F13) to create the reporting file. Note: If you have not processed the CD 22 settlement work file or the EOM settlement work file, you will get an error message and cannot proceed until you create the appropriate settlement work file.

    > *Note: The file name created for MPF Xtra loans is FMLNWFSND.*

    After creating the file, the "Last Reported Date" on the PL master and history files is updated.

2. Because a company code was entered when creating the file, *Download File* (F14) will not be available. You must process the download by opening the client access file (File Type is "Data Transfer from iSeries"), refer to **Page 54.**

3. OPTIONAL STEP: Review report PFNMLNWF (MPF Xtra Loan Transaction Register) that generated from Step 1. These reports can be used for research.

4. Take the appropriate steps to upload the file to FHLB.

5. On the next business day, access the FHLB website and review investor exceptions (LAR rejects). Adjustments for reporting files other than EOM can be done as part of the daily settlement work file processing.

   For the EOM reporting file, any adjustments should be done either as a manual journal entry described on **Page 45** or on the PL Adjustment screen described on **Page 22**.

   > *If the PL Adjustment screen (via PL history) is used, be sure that the adjustment transaction is dated in the appropriate settlement period (for example, if the adjustment is for settlement period 4/23 - 4/30 and it is 5/2, the adjustment transaction should be dated 4/30). Keep in mind that you may be required to run another end of cycle work file if the adjustment transaction does not get attached to the appropriate transaction record.*

Downloading the File to the PC

1. Access the appropriate location on your PC and select the FHLBSND file (this is the client access file which displays "Data Transfer from iSeries...". The following dialog box will appear:

This example is for CU serviced FHLB loans.

DO NOT use the Browse or Data Options buttons—they can cause a significant delay in processing your transfer!
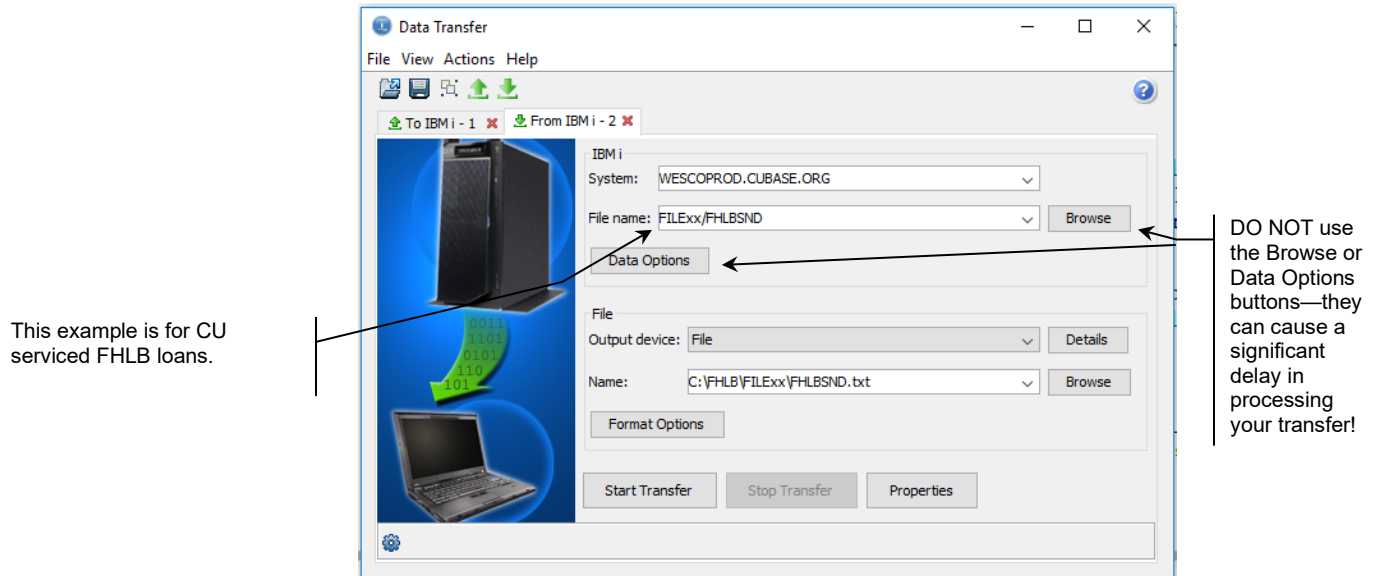
2. All of the fields should be pre-filled for you based on the client access definitions set up on your PC. To begin the transfer process, click the **Start Transfer** button. A series of messages will appear to report on the progress of the transfer.

> *Extra step here for MPF Xtra Loans – Click on the Details tab and change the File type to Comma Separated Variable (CSV).*

3. When the transfer is complete, the following message will appear: Click OK and the Data Transfer dialog box will reappear. Click Close [✕] to exit.

Notice the number shown under "Rows transferred." This indicates the total number of records that were downloaded.
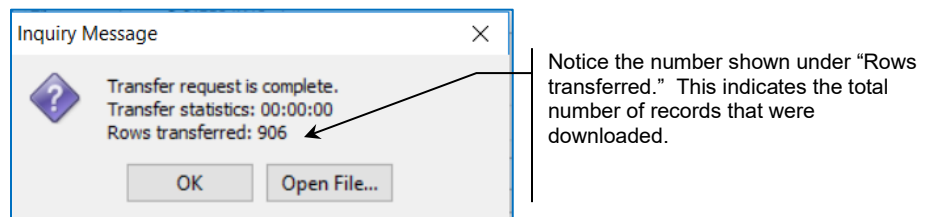
ACCRUE INTEREST FOR 360 LOANS

The PL interest accrual for FHLB loans is a separate step done after the end-of-month work file is posted and the government investor file has been processed and validated.

> *Note: Be sure to process any exceptions from government reporting prior to accruing interest.*

Accrue Interest for 360 Particip. Loans (Tool #107)

Session 0 CU*BASE GOLD Edition - Accrue Interest for 360 Loans

Settlement calculation routine Federal Home Loan Bank ▾
Company code (blank = none) ☐ 🔍
☑ Print participation loan accrued interest report

Copies 1
Printer P1 🔍

ℹ️ Interest will be accrued for 360 mortgage loans that are settlement type Actual/Actual and Scheduled/Actual.

Save/Continue

F6 (4101)

Field Name	Description
Settlement calculation routine	Enter the Settlement calculation routine FHLB=Federal Home Loan Bank. *Note: For MPF Xtra loans, enter FNMA.*
Company code	Enter the Company Code if applicable. A lookup button lists the available Company Codes. Note: If your credit union does not have any Company Codes configured, this field will not display on the screen. *Note: For MPF Xtra loans, enter company code MPX.*
Print participation loan accrued interest report	Check the box to indicate whether to print the Participation Loan Accrued Interest Report.

The system contains edits that does not allow the interest accrual to be processed if the following has not occurred:

- An end-of month settlement work file has been posted.

- The monthly investor reporting file has been created and downloaded.

  > *Note: For MPF Xtra loans, an end-of-month settlement work file does not need to be downloaded or transmitted if there is no activity for the EOM reporting period.*

Session 0 CU*BASE GOLD Edition - Confirm Participation Loan Interest Accrual

Thirty days of interest will be accrued for Nov 2013

Settlement calculation routine FHLB

Continue

HA (4102)

Note: When posting the accrued interest via Tool #61 "Create/Post GL Journal Entries", you may need to adjust the journal entry date to the appropriate month end date.

If the "Print participation loan accrued interest report" box was checked, the Participation Loan Accrued Interest report will generate. For more information on this report, refer to **Page 76.**

```
5/09/11   9:35:15                              TEST CREDIT UNION                    UPLACCI          PAGE      1
   RUN ON 5/02/2011                  PARTICIPATION LOAN ACCRUED INTEREST REPORT               USER KARENS
                                         INTEREST ACCRUED FOR: MAY 2011

PLI   001 FHLB
SETTLEMENT CALC  FHLB
COMPANY CODE

                      DATE        PRINCIPAL            ACCRUED          PAST DUE             TOTAL
LOAN ACCOUNT        REPORTED        BALANCE                DUE          INTEREST      INTEREST DUE

   187999 790       04/30/11       42410.53            216.47            216.47            432.94
   203999 790       04/30/11       88370.54            248.54            248.54            497.08
   207999 790       04/30/11       66559.38               .00 *             .00               .00
   301999 790       04/30/11       87928.06            247.30               .00            247.30
   322999 790       04/30/11      120603.07            464.82            464.82            929.64
   329999 790       04/30/11      147029.29            551.36               .00            551.36
   370999 790       04/30/11      105565.36            296.90            296.90            593.90
   386999 790       04/30/11      176200.31            495.56               .00            495.56
   469999 790       04/30/11      119600.97            423.59            423.59            847.18
   535999 790       04/30/11       65648.88            239.34            239.34            478.69
   641999 790       04/30/11       84041.88            288.89               .00            288.89
   646999 790       04/30/11      119001.74            322.30            322.30            644.60
   658999 790       04/30/11       81000.00            244.69            244.69            489.38
   667999 790       04/30/11       47591.22            188.38               .00            188.38
   683999 790       04/30/11       78309.21               .00 *             .00               .00
   826999 790       04/30/11       82873.83            241.72            337.08            578.80
   964999 790       04/30/11      287701.64            959.01               .00            959.01
   970999 791       04/30/11      143401.47            478.00               .00            478.00
   987999 790       04/30/11       64733.15            195.55            195.55            391.10
  1017999 790       04/30/11       33579.76            101.44               .00            101.44
  1081999 790       04/30/11      125355.60            378.68            378.68            757.36
  1099999 790       04/30/11      125845.19            353.94               .00            353.94

  TOTAL BY PLI    001           2,418,706.78          6,936.48          3,367.96  .       10,304.44
```

SPECIAL NOTE REGARDING 360 INTEREST CALCULATION TYPES

For 360-day interest calculation loans, interest is not accrued on a daily basis; rather, interest is calculated once each month. In the member file, the interest is accrued in end-of-day (EOD) processing on the "Day to Calc Interest" from the loan category configuration (FHLB loans should be 31 which is the last day of the month). In the participation loan file, the interest is accrued from **Tool #107 *Accrue Interest for 360 Particip. Loans*** and the timing is determined from the "Monthly interest accrual day" designated on the Settlement Calculation Configuration record (FHLB loans should be 01). The system will calculate 30 days' worth of interest for every monthly settlement period regardless of when or how often payments are made on the loan.

PARTICIPATION LOAN REPORTS

PARTICIPATION LOAN SETTLEMENT DETAIL REPORT

The Participation Loan Settlement Detail report generates when creating, working with or posting a settlement work file. Refer to **Page 35.**

The TRIAL Report version generates when creating or working the work file to give you a "before" picture of the work file and to help determine the items to edit in the work file. It can be printed as a tool for research.

The FINAL Report version generates when posting a work file. This report can be saved for audit purposes to compare against amounts moved to the P&I custodial account. Both versions can be saved in your spool file and can be re-printed or moved to DAILYxx for normal archive outque routing.

There are two possible report formats, one includes Activity Types and the other includes Member Payment Dates. Both report formats will page break by investor.

Activity Type Format

The following sample shows a settlement work file that was run for a single investor. The Activity Type Format is generally used when you would like to see a breakdown of the types of activity on the loans. This helps with research relating to the settlement.

```
 4/27/11  13:51:37                                      TEST CREDIT UNION                              LPLSET          PAGE 1
   RUN ON 4/2/2011                           PARTICIPATION LOAN SETTLEMENT DETAIL REPORT                          USER KARENS
                                                REPORTED DATE:   3/31/2011
CORP  01  TEST CREDIT UNION                           TRIAL REPORT
PLI   002 FHLB

                  PREVIOUS      CURRENT                        ---THIS SETTLEMENT---
                  PRINCIPAL     PRINCIPAL   PAST DUE    ACCRUED   PRINCIPAL     INTEREST    MONTHLY   TOTAL CASH    ACTIVITY TYPES
LOAN ACCOUNT  TYPE  BALANCE      BALANCE    INTEREST      DUE       PAID          PAID      INCOME   SETTLEMENT A  B  C  D  E  F  G
  140999 790  02  120331.94   120331.94       .00        .00        .00          .00         .00        .00
  179999 790  02    7254.22     7254.22       .00        .00        .00          .00         .00        .00                    1
  187999 790  02   42196.18    41869.13       .00        .00      327.05       247.81      247.81     574.86       1
  194999 790  02   34956.56    34956.56       .00        .00        .00          .00         .00        .00
  203999 790  02   87603.28    87603.28       .00        .00        .00          .00         .00        .00
  207999 790  02   66651.90    66562.43       .00        .00       89.47       399.56      399.56     489.03  1
  256999 790  02   61100.27    61100.27       .00        .00        .00          .00         .00        .00
  279999 790  02   84659.30    84611.07       .00        .00       48.23       108.58      108.58     156.81  1  1
  283999 790  02   76372.64    76372.64       .00        .00        .00          .00         .00        .00
  301999 790  02   87242.15    87148.39       .00        .00       93.76       311.87      311.87     405.63  1
  322999 790  02  120182.12   120182.12       .00        .00        .00          .00         .00        .00                    1

                  788,550.56                 .00                  558.51                 1,067.82
TOTAL BY PLI    002            787,992.05                 .00                   .00                     .00
                4,540,683.57                 .00                  345.76                 1,147.46
TOTAL BY CORP    01          1,147.46               821.56                  1,057.48
                4,540,683.57                 .00                  345.76                 1,147.46
GRAND TOTAL                  1,147.46               821.56                  1,057.48

                                          TOTAL ACTIVITY TYPE A- REGULAR PAYMENT           3
                                          TOTAL ACTIVITY TYPE B- PRINCIPAL CURTAILMENT         1
                                          TOTAL ACTIVITY TYPE C- PAID AHEAD                       1
                                          TOTAL ACTIVITY TYPE D- PAYMENT ADJUSTMENT                  0
                                          TOTAL ACTIVITY TYPE E- NEW LOAN                             0
                                          TOTAL ACTIVITY TYPE F- PAST DUE LOAN                          2
                                          TOTAL ACTIVITY TYPE G- PAID OFF LOAN                            0

                                        ***END OF REPORT***
```

The 'Activity Types' columns indicate member activity that occurred as of the settlement date. A number in the column indicates how many times that activity occurred since the last settlement period. The Activity Types are identified via a letter code (A-G) for regular payments, principal curtailments,

paid ahead payments, adjustments, new loans, past due or paid off loans, respectively.

Member Payment Date Format

The following sample shows a settlement work file that was run for multiple investors (only one investor will show per page). The Member Payment Date format is generally used when sending the report to investors, i.e. for standard 365 participation loans (PART). This format includes the member's last payment date and next payment date.

```
5/09/11  12:47:58                              TEST CREDIT UNION                            LPLSET2        PAGE 1
    RUN ON 5/2/2011                  PARTICIPATION LOAN SETTLEMENT DETAIL REPORT                        USER KARENS
                                          REPORTED DATE:   4/30/2011
CORP  01  TEST CREDIT UNION                          TRIAL REPORT
PLI   139 TEST INVESTOR


               PREVIOUS    CURRENT                 ---THIS SETTLEMENT---
               PRINCIPAL   PRINCIPAL   PAST DUE     ACCRUED    PRINCIPAL    INTEREST LAST PMT NEXT PMT   MONTHLY  TOTAL CASH  #   #
LOAN ACCOUNT    BALANCE     BALANCE   INTEREST        DUE         PAID         PAID   DATE     DATE      INCOME   SETTLEMENT TRN ADJ
    56999 500  900000.00   900000.00      .00      2625.00         .00          .00 4/15/11 05/01/11   2625.00        .00   1
    56999 501  900000.00   900000.00      .00      2625.00         .00          .00         05/01/11   2625.00        .00
    56999 502  900000.00   900000.00      .00      2625.00         .00          .00         05/01/11   2625.00        .00
    57999 501  900000.00   900000.00      .00      2625.00         .00          .00 4/5/11  05/01/11   2625.00        .00       1
    57999 502  900000.00   900000.00      .00      2625.00         .00          .00         05/01/11   2625.00        .00
    57999 503  900000.00   900000.00      .00      2625.00         .00          .00         05/01/11   2625.00        .00

             5,400,000.00                           .00                        .00                    15,750.00

TOTAL BY PLI 139        5,400,000.00              15,750.00                     .00                                  .00
```

PARTICIPATION LOAN TRIAL BALANCE

PLI Trial Balance (Tool #590)

Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Report type	Report type is D=Detail and Summary, S=Summary.
Report as of date	The date for participation loan detail. If there is no settlement information for the date entered, the information will be pulled from the previous settlement date record.
Pull by Account or Reference	Use this to specify whether the loans should be listed on the report by loan account number or by the PL reference number.
Include closed loans with last reported date greater than or equal to	Enter a MMDDCCYY to include closed loans with a last reported date on or after the date entered. Defaults to no date which means that closed loans are not included.
PL Investors	This is a select button that allows you to print a trial balance for a single or multiple investors. The number that displays next to the select button is the number of investors selected. If you want all investors, leave the field blank and all investors will print. Default is all.
Loan category	To print a trial balance only for a certain loan category (such as your FHLB loan category), enter the loan category code here. Leave the field blank to include all loan categories. Default is all.
Participation loan types	This is a select button that allows you to print a trial balance only for loans coded with a specific Participation Loan Type code. The number that displays next to the select button is

Field Name	Description
	the number of PL types selected. Leave the field blank to include all PL types. Default is all.
Sort by the date that the loan ends with the investor	Check this box to print records in order by PL End Date (ascending order, so the closest dates appear at the top of the report). Leave it unchecked to sort by account number.
Report only loans that were sold to the investor on or after	Enter a MMDDCCYY to select only loans with a PLI Start Date on or after the date entered.
Loan account	Enter the account base and suffix to print a trial balance for a single loan account. Leave the field blank to include all loans.
Reference #	Enter the reference number to print a trial balance for a single loan account. Leave the field blank to include all loans.

Run the trial balance report to obtain participation loan detail, i.e. balance rate, and date information. This report can be used as part of the daily or monthly balancing process for comparing participation loan balances to the participation loan general ledger accounts. Use the selection criteria to specify the loans to be included on the report, or leave all blank to include all participation loans.

To obtain a Participation Loan Trial Balance as of month end, enter the appropriate month end date in the "Report as of date" field. The month end information is helpful for the NCUA 5300 Call Report.

Two reports will be generated: A Detail report showing all accounts, with each PLI starting on a separate page, and a Summary report showing total balances for all investors.

Detail Report - The following sample shows the final two pages of a Trial Balance report that includes all loans. Notice that each PLI will appear on a separate page. **(NOTE: If pulled by reference number, the Loan Account column will display the reference number instead.)**

```
4/09/11 13:28:24                           CU*BASE TEST CREDIT UNION                    LPLBAL              PAGE    20
   RUN ON 4/09/2011                    PARTICIPATION LOAN TRIAL BALANCE REPORT                           USER KARENS
                                        OPEN LOANS ACTIVITY THROUGH 3/31/2011

CORP  01  CU*BASE TEST CREDIT UNION
PLI   020 SAMPLE INVESTOR 020

                            PL     PLI ORIG     LAST HIST     LAST PRIN     PLI    LOAN    START      END       PART
LOAN ACCOUNT  SEQ NAME      TYP    INVESTMENT   ACTIVITY      BALANCE       RATE   RATE    DATE       DATE      %     DELQ
------------- --- ---------- ---  -------------- ----------  -------------- ------ ------ ---------- ---------- ------ ----
   26399 601 001 JONES      95     100,555.56   03/31/2011     98,412.27   10.000 11.000 04/21/2002 11/20/2015 50.00
   27699 645 001 EVANS      96     367,996.49   03/31/2011    360,494.65    9.500 10.000 04/25/2002 01/29/2014 50.00
   28899 503 001 THOMAS     26      70,810.62   03/31/2011     70,808.79    7.250  7.000 04/23/2002 08/24/2014 20.00 Y
   33099 616 001 SMITH      90     600,000.00   03/31/2011    591,905.49    7.500  8.000 05/27/2002 05/28/2017 75.00
   33699 725 001 WILLIAMS   94     250,140.34   03/31/2011    250,140.34    8.000  9.000 05/01/2002 01/01/2017 30.00 Y
   38599 503 001 EDWARDS    92      62,525.38   03/31/2011     60,452.44    8.250  8.750 04/30/2002 12/29/2016 50.00
   38699 715 001 DOE        94     480,000.00   03/31/2011    480,000.00    8.000  8.500 06/13/2002 06/13/2017 60.00
   38699 725 001 STEVENS    94     182,500.00   03/31/2011    180,782.53    7.000  7.500 04/18/2002 04/18/2017 50.00
   39399 502 001 JOHNSON    92      81,666.02   03/31/2011     80,238.71    8.000  8.500 04/02/2002 11/02/2016 50.00
   39399 503 001 STEVENSON  92      81,666.02   03/31/2011     80,238.71    8.000  8.500 04/02/2002 11/02/2016 50.00

  TOTAL BY PLI    020              2,277,860.43               2,253,473.93  8.099  8.653

  TOTAL BY PLI    020              NET RATE TO CU:   .554      PROJECTED MONTHLY INCOME:       1040.35

                                            ***END OF REPORT***
```

Summary Report - The summary report shows the current position of each individual investor's portfolio.

```
4/09/11  13:28:24                       CU*BASE TEST CREDIT UNION                        LPLBAL2        PAGE   1
   RUN ON 4/09/11                  PARTICIPATION LOAN TRIAL BALANCE SUMMARY                              USER KARENS
                                    OPEN LOANS ACTIVITY THROUGH 3/31/2011

CORP  01  CU*BASE TEST CREDIT UNION

                               PLI ORIG          LAST PRIN          INTEREST   WEIGHTED     NUMBER   WEIGHTED
PLI NAME                       INVESTMENT         BALANCE               DUE     PLI RATE    OF LOANS  PLO RATE

001 ABC FED CREDIT UNION         242,731.14       239,071.59          411.10      8.808          5     9.406
003 XYZ CREDIT UNION           4,571,955.32     4,521,639.50        9,610.06      6.910         19     7.324
004 JOHN DOE                   3,039,374.26     3,012,015.36       11,026.08      8.827         14     9.184
005 SAMPLE INVESTOR 005        1,925,058.18     1,909,197.92          762.62      6.854          8     7.389
006 SAMPLE INVESTOR 006        7,149,785.96     7,097,369.27       23,559.11      7.865         24     8.287
007 SAMPLE INVESTOR 007           61,883.45        59,611.97          114.58      8.748          2     9.498
008 SAMPLE INVESTOR 008          580,567.57       578,950.36        2,895.97      7.500          2     8.000
009 SAMPLE INVESTOR 009          491,853.23       486,993.33        1,174.12      8.000          1     9.000
010 SAMPLE INVESTOR 010          310,611.27       310,033.77        1,082.99      7.500          1     8.000
011 SAMPLE INVESTOR 011          228,000.00       225,391.62          296.40      8.000          2     8.500
012 SAMPLE INVESTOR 012           25,162.28        24,907.60           84.82     13.852          2    10.766
013 SAMPLE INVESTOR 013           62,727.40        62,284.10          243.27     15.000          4    10.000
014 SAMPLE INVESTOR 014          369,831.05       366,958.54        1,326.49      8.000          3     8.500
015 SAMPLE INVESTOR 015       32,632,616.73    32,403,314.41       83,706.61      6.784        128     7.291
016 SAMPLE INVESTOR 016           32,608.04        32,114.24          659.37     30.000          2    12.000
017 SAMPLE INVESTOR 017          949,418.42       946,760.39        4,180.77      7.500          3     8.000
018 SAMPLE INVESTOR 018           24,700.74        24,581.18          363.66     18.000          1    12.250
020 SAMPLE INVESTOR 020        2,277,860.43     2,253,473.93        6,430.13      8.099         10     8.653
021 SAMPLE INVESTOR O21          120,000.00       120,000.00          447.12      8.000          1     8.500

TOTAL BY CORP   01    19 PLI's  55,096,745.47    54,674,669.08      148,375.27     7.197        232     7.663

GRAND TOTAL          19 PLI's  55,096,745.47    54,674,669.08      148,375.27     7.197        232     7.663

** SERVICING ANALYSIS **      NET RATE TO CU:    .466        PROJECTED MONTHLY INCOME:      21,232.00

                                  ***** E N D   O F   R E P O R T *****
```

PARTICIPATION LOAN ANALYSIS REPORT

Participation Loan Analysis Report (Tool #579)

This report is used to review the position of loans owned less than 100% by the credit union. It gives a summary of the current position of all participation loan accounts by loan account or reference number. Records can be sorted by investor or by PL Type. Grand totals at the bottom of the report compare the originating credit union's position to investor positions.

> *Note: This report compares member loan records to participation loan records, therefore should be generated after participation loan settlement has been run (generally month end) for the investor(s). If the report is generated during the month and a settlement has not been run for the investor(s), then the Servicing and CU Position figures may be skewed.*

This report is generally not used for FHLB loans since they are 100% owned by the investor.

The following sample is for standard participation loans (PART) and shows part of the first page and the entire last page of an analysis report:

First Page

```
 8/23/11  14:25:40                                 TEST CREDIT UNION                        LPLANL          PAGE    1
   RUN ON 8/23/2011                          PARTICIPATION LOAN ANALYSIS REPORT                             USER KARENS
                                                    AS OF 07/11

 LOAN ACCOUNT/REF #/TYPE  CURRENT BAL       INT DUE                 SCHED PMT   INT RATE   PARTIC %  MEMBER NAME
    1234-502               425,354.55      1,590.68                 2,375.28      5.250     100.00   JOHN A MEMBER
 90  CALDWELL PARTICIPATION
              PLI    SEQ  LAST RPT BAL  LAST RPT INT  LAST RPRTD    PROJ PMT   PLI RATE   PARTIC %  PLI NAME
                3     1    382,819.09        954.42  2011/07/31    1,739.85      3.500      90.00   TEST INVESTOR 001
        * PLI TOTALS       382,819.09        954.42                1,739.85      3.500      90.00
     ** NET CU POSITION     42,535.46        636.26                  635.43      5.250      10.00

 LOAN ACCOUNT/REF #/TYPE  CURRENT BAL       INT DUE                 SCHED PMT   INT RATE   PARTIC %  MEMBER NAME
    1334-500               332,976.23        129.99                 1,745.76      4.750     100.00   MARY A MEMBER
 90  CALDWELL PARTICIPATION
              PLI    SEQ  LAST RPT BAL  LAST RPT INT  LAST RPRTD    PROJ PMT   PLI RATE   PARTIC %  PLI NAME
               27     1    299,678.58         86.21  2011/07/31    1,352.44      3.500      90.00   TEST INVESTOR 002
        * PLI TOTALS       299,678.58         86.21                1,352.44      3.500      90.00
     ** NET CU POSITION     33,297.65         43.78                  393.32      4.750      10.00

 LOAN ACCOUNT/REF #/TYPE  CURRENT BAL       INT DUE                 SCHED PMT   INT RATE   PARTIC %  MEMBER NAME
    1434-500               258,956.82        203.95                 1,810.06      5.750     100.00   CATHERINE MEMBER
 90  CALDWELL PARTICIPATION
              PLI    SEQ  LAST RPT BAL  LAST RPT INT  LAST RPRTD    PROJ PMT   PLI RATE   PARTIC %  PLI NAME
                2     1    207,165.36        148.99  2011/07/31    1,365.72      5.250      80.00   TEST INVESTOR 003
        * PLI TOTALS       207,165.36        148.99                1,365.72      5.250      80.00
     ** NET CU POSITION     51,791.46         54.96                  444.34      5.750      20.00
```

Last Page

```
8/23/11  14:25:40                          TEST CREDIT UNION                          LPLANL         PAGE    1
    RUN ON 8/23/2011                 PARTICIPATION LOAN ANALYSIS REPORT                          USER KARENS
                                          SUMMARY AS OF 07/11

** GRAND TOTALS **
                        CURRENT BAL      INT DUE            SCHED PMT    INT RATE    PARTIC %  # OF LOANS
    MEMBER TOTALS      541,895,784.82  1,616,278.12       3,170,269.05    5.266      100.00         984

                        LAST RPT BAL   LAST RPT INT          PROJ PMT    PLI RATE    PARTIC %   # OF PLI
    PLI TOTALS         443,655,011.71   662,899.76         2,159,747.00    3.877      81.87         991
    NET CU POSITION     98,240,773.11   953,378.36         1,010,522.05    5.266      18.13

** SERVICING ANALYSIS **
    NET RATE TO CU:   1.188       PROJECTED MONTHLY INCOME:      439,218.46

** CU POSITION ANALYSIS **
    PORTFOLIO RATE:   5.266       PROJECTED MONTHLY INCOME:      431,113.26

** PROJECTED TOTAL YIELD FOR NET CU POSITION:          10.631

                                        ***END OF REPORT ***
```

PARTICIPATION LOAN SETTLEMENT ACTIVITY

PLI Settlement Activity Report (Tool #589)

Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Begin/end settlement dates	Choose a starting and ending month/day/year (mmddyy) to specify what period of history you wish to include on the report.
Pull by account or reference	Use this to specify whether the loans should be listed by loan account number or by the reference number.
PL investors	This is a Select button that allows you to select one or multiple investors to print a settlement activity report. Zero investors selected means all PL investors will display on this report.

Field Name	Description
Account # (base/suffix)	Enter the loan account base and suffix here to print a settlement activity report for a single loan account. Leave the field blank to include all loans.
Reference #	Enter the reference number here to print a settlement activity report for a single loan account. Leave the field blank to include all loans.

This report will show a history of settlement amounts that have been posted to participation loans. You may list loans for one or multiple investors, and specify a date range to be included on the report. Loans can be listed by loan account number or reference number. For government investors, it is recommended to run and save the detail report monthly just prior to final settlement.

Report Sample

```
8/23/11  14:41:00                              TEST CREDIT UNION                      LPLHST            PAGE   1
  RUN ON 8/23/2011                      PARTICIPATION LOAN SETTLEMENT ACTIVITY                        USER KARENS
                                           FROM 05/01/2011 TO 05/31/2011

CORP  01  TEST CREDIT UNION
PLI   001 FHLB

                       ----ORIGINAL---- --------SETTLEMENTS-------
                        ORG LOAN   INT       DATE    ORIG LOAN    INTEREST    PRINCIPAL    INTEREST    MONTHLY    TOTAL CASH
    LOAN ACCOUNT SEQ TYP  AMOUNT   RATE  TERM SETTLED  BALANCE       DUE        PAID         PAID      INCOME     SETTLEMENT

        2199 780 01  01 137600.00  6.000  76S 05/08/2011 131586.89      .00      161.05      658.74      658.74    31667.18
                                          77S 05/16/2011 131586.89    657.93        .00         .00      657.93    31667.18
        3499 780 01  01 112000.00  6.125  76S 05/16/2011 107892.65    550.70        .00         .00      550.70    25456.11
                                          77S 05/22/2011 107767.10      .00      125.55      550.70      550.70    26132.36
        4799 780 01  01  96000.00  5.750  76S 05/01/2011  87495.02      .00      251.27      420.45      420.45    25246.46
                                          77S 05/16/2011  87495.02    419.25        .00         .00      419.25    25246.46
        4899 780 01  01 162000.00  5.750  74S 05/01/2011 154288.46      .00      281.61      740.65      740.65    35848.46
                                          75S 05/16/2011 154288.46    739.30        .00         .00      739.30    35848.46
        4999 781 01  01 140975.00  5.625  79S 05/03/2011 133151.85      .00      244.13      625.29      625.29    33003.10
                                          80S 05/16/2011 133151.85    624.15        .00         .00      624.15    33003.10
        6099 780 01  01  73400.00  5.625  74S 05/16/2011  70176.33    328.95        .00         .00      328.95    16371.76
                                          75S 05/22/2011  70072.01      .00      104.32      328.95      328.95    16805.03
        6999 780 01  01  32000.00  5.625  78S 05/01/2011  23811.19      .00      235.53      112.72      112.72    13351.21
                                          79S 05/16/2011  23811.19    111.61        .00         .00      111.61    13351.21
        7799 780 01  01  40000.00  6.000  74S 05/16/2011  38473.19      .00       46.38      192.60      192.60     8797.49
                                          75S 05/16/2011  38473.19    192.37        .00         .00      192.37     8797.49
        9299 780 01  01 131600.00  5.750  75S 05/11/2011 117660.12      .00      188.26      564.69      564.69    36160.05
                                          76S 05/16/2011 117660.12    563.79        .00         .00      563.79    36160.05
       10899 780 01  01 171360.00  6.125  69S 05/09/2011 165651.90      .00      188.04      846.47      846.47    35854.31
                                          70S 05/16/2011 165651.90    845.51        .00         .00      845.51    35854.31
       12899 780 01  01 221000.00  7.000  70S 05/09/2011 214513.91      .00      210.33     1252.56     1252.56    51004.55
                                          71S 05/16/2011 214513.91   1251.33        .00         .00     1251.33    51004.55
       14299 780 01  01 216265.00  5.750  70S 05/09/2011 207923.51      .00      259.09      997.54      997.54    43951.78
                                          71S 05/16/2011 207923.51    996.30        .00         .00      996.30    43951.78
       14499 780 01  01 141500.00  5.625  69S 05/16/2011 134257.19    629.33        .00         .00      629.33    32478.52
                                          70S 05/22/2011 134077.46      .00      179.73      629.33      629.33    33287.58
       16499 780 01  01  83600.00  5.625  74S 05/01/2011  79659.66      .00      104.02      373.89      373.89    18131.84
                                          75S 05/16/2011  79659.66    373.40        .00         .00      373.40    18131.84
       16599 780 01  01  71200.00  6.000  84S 05/03/2011  60217.61      .00      284.88      302.51      302.51    24558.45
                                          85S 05/16/2011  60217.61    301.09        .00         .00      301.09    24558.45

PLI 001 TOTAL         1830500.00                                   8585.01     2864.19     8597.09
```

RURAL DEVELOPMENT LOAN DETAIL

Rural Development Part. Loan Detail Rpt (Tool #771)

Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Process date	The process month and year.
Company code	This is a dropdown box that allows you to select a Company code from those configured for your credit union. This field is optional and will only display if Company codes are configured for your credit union.

This report provides a listing of participation loans that are flagged as Rural Development (RD). This report is sorted by account number within investor. In order for a loan to appear on the report, there must be a Y in the Rural Development flag on the Participation Loan Setup screen (accessed from **Tool #199** *PL 1: Add/Maintain Participation Loans*).

This report is generally run monthly. For Rural Development loans, delinquent balances are reported to the United States Department of Agriculture (USDA) both monthly and quarterly. Loan balances are reported to the USDA quarterly. Refer to the usdalinc.sc.egov.usda.gov website for specific information and reporting requirements for RD loans.

> Note: Loans that were closed in the reporting period are included on the report.

```
1/31/12  10:24:23                           CU*BASE CREDIT UNION                      LPLRUR          PAGE
   RUN ON  1/31/2012                     RURAL DEVELOPMENT LOAN DETAIL                             USER KARENS
                                                01/31/2012
CORP  01  CU*BASE CREDIT UNION           INVESTOR: 001 - TEST INVESTOR

                                   ACCOUNT  ACCOUNT     CURRENT      SCHEDULED    DELINQUENT    NEXT PAY DT/
SSN/TAX ID      MEMBER NAME           BASE     TYPE     BALANCE      PYMT AMT      BALANCE     CLOSE DATE(*)

999-62-9999    SOMEBODY, JOSEPH       1234      781   131,409.14       833.92       833.92     1/01/2012
999-98-9999    PERSON, ELIZABETH      2345      780    69,327.33       434.19          .00     2/01/2012
999-94-9999    MEMBER, DANIEL S      12233      780   164,307.39     1,069.06     1,069.06     1/01/2012
999-06-9999    TESTING, SCOTT W      23344      780    53,684.66       344.07       344.07     1/01/2012
999-04-9999    SMITH, ALICE J        34455      780    79,447.43       501.46          .00     2/01/2012
999-96-9999    HALEY, CRAIG A        45566      780    36,857.36       237.67       237.67     1/01/2012
999-98-9999    JOHNSON, WILLIAM J    56677      780    99,281.37       640.59       640.59     1/01/2012
999-06-9999    BLACK, CHRISTOPHER G 566789      780    73,612.02       478.80          .00     2/01/2012

**    INVESTOR: 001 - TEST INVESTOR

TOTAL BALANCES                                        707,926.70                  3,125.31

TOTAL LOANS =     8
```

ESCROW SHARE DETAIL REPORT

This is a daily report that lists all escrow savings accounts by dividend application. The report shows the current balance for all escrow accounts with subtotals by dividend application. The "Total Positive Balances" and "Total Negative Balances" are listed.

The purpose of this report is to help with reconciling member escrow balance detail to the custodial member account.

```
6/13/11  13:19:12                           TEST CREDIT UNION                         LPLESC          PAGE 1
   RUN ON 7/07/2011                     ESCROW SHARE DETAIL REPORT                                 USER ERICS

CORP  01  TEST CREDIT UNION
DIV APPL  TE
                                                     CURRENT
LOAN ACCOUNT        LAST NAME       FIRST NAME        ACCT BAL   NEG   FREEZE
    3699 151        MEMBER          WILLIAM           1917.03            1
    3999 150        MEMBER          TERESA            2780.87            1
    5499 150        MEMBER          JAMES             1828.00            1
    5899 150        MEMBER          LISA              1371.69            1
    7999 150        MEMBER          MARCIA            1933.59            1
    8399 154        MEMBER          CHRISTOPHER       1866.58-    *      1
   12499 150        MEMBER          BRIAN             2584.74            1
   14299 154        MEMBER          ALLYN             1420.09            1
   14599 154        MEMBER          CHRIS             2320.17            1
   15599 150        MEMBER          ANTHONY           2155.19            1
   16299 150        MEMBER          MARY              3018.13            1
   16599 150        MEMBER          JOSEPH            2394.00            1

Total Number of Accounts =     12
Total Positive Balances =        23,723.50
Total Negative Balances =         1,866.38-
```

Field Descriptions

Field Name	Description
Loan Account	(Used by multi-corporation credit unions only.) Enter a single Corporate ID to see data for a single corporation; leave the field blank to include all corporations.
Last Name/First Name	Member Name
Current Acct Bal	Current Balance from the member file.
Neg	Negative Account Balance indicator. An * indicates a negative balance.
Freeze	Freeze Code from the member file. Values are defined at the bottom of the report.

PARTICIPATION LOAN BALANCE VERIFICATION REPORT

Particip. Loan Balance Verification Rpt (Tool #577)

The report is run by investor as needed after processing payments in a work file to identify participation loans where the member principal balance (either current or EOM) does not match the PL principal balance. The MBR PRIN BAL and PL PRIN BAL on the report provide a current snapshot of these balances.

This report is most useful for investors with loans 100% owned by the investor (PLI%=100) to identify the member and PL principal balances not matching. However, for loans owned less than 100% by the investor (PLI% less than100), the report can identify loans created in the PL system with the wrong "PLI original investment" amount.

> *Note: If there is only a slight difference in the member and PL principal balances, it can be due to how the PLI original investment amount was rounded when the loan was created in the PL system.*

Note on current day payments:
If a loan has current day payments, this could cause the MBR PRIN BAL and PL PRIN BAL to not match. This is an acceptable difference and is because the payments have not been processed in the participation loan system yet.

```
4/14/18  15:45:37                              TEST CREDIT UNION                LPLFPE                    PAGE 1
     RUN ON   4/14/18                PARTICIPATION LOAN BALANCE VERIFICATION REPORT                      USER KARENS

CORP  01   TEST CREDIT UNION
PLI   001 FHLB

LOAN ACCOUNT          CURR MBR      PLI %       CALCULATED           PL            DIFFERENCE    LAST TRAN
                      PRIN BAL                  PRIN BAL          PRIN BAL                          DATE

   114999 780        21,728.43     100.00       21,728.43        21,538.96           189.47       3/13/18
   151999 780        24,409.78     100.00       24,409.78        24,376.01            33.77       3/15/18
   179999 780        53,503.75     100.00       53,503.75        53,953.33           449.58-      4/14/18
   230999 780        28,981.76     100.00       28,981.76        28,099.50           882.26       3/15/18
   257999 780        44,682.41     100.00       44,682.41        44,149.97           532.44       3/21/18
   275999 780        42,696.00     100.00       42,696.00        42,034.48           661.52       3/22/18
   301999 705        63,287.32     100.00       63,287.32        63,582.66           295.34-      4/14/18

   TOTALS           279,289.45                 279,289.45       277,7349.91        1,554.54

                                        ***END OF REPORT***
```

Field Descriptions

Field Name	Description
Loan Acct	Loan Account Number and Type.
Curr Mbr Prin Bal or EOM Mbr Prin Bal	Member Principal Balance used to compare to PL principal balance. Heading is conditional based on selection of current or EOM balance.
PLI %	PLI Participation percentage from the PL record. For FHLB loans, this will be 100%.
Calculated Prin Bal	This is the calculated principal balance using the member principal balance and multiplying by the PLI Participation % (Mbr Prin Bal times PLI %)
PL Prin Bal	Principal balance from the PL record.
Difference	Difference between the Calculated Prin Bal and the PL Prin Bal (Calced Prin Bal minus PL Prin Bal)
Last Tran Date	The last transaction date from the member file.

PARTICIPATION LOAN DELINQUENCY ANALYSIS

Particip. Loan Delinquency Analysis Rpt (Tool #578)

Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Process date	The process month and year.
PL investors	This is a Select button that allows you to select one or multiple investors.
Report type	Report type is D=Detail and Summary, S=Summary.
Include 30 to 59 day Call Report term	Check this box if you would like to include loans that are delinquent 30 to 59 days.
Pull by Account or Reference	Use this to specify whether the loans should be listed on the report by loan account number or by the PL reference number.
Export report to file	Check this to create a file containing the records generated by the report. A window will appear; you can choose either to create a file that ready for Member Connect (contains account base only), or you can choose to export all report data into a file that can be used for further analysis with CU*BASE Report Builder.

This report identifies delinquent participation loans by investor. The investor owned portion of delinquent balance is listed in the appropriate date range. It is modeled after **Tool #461** *Loan Delinquency Analysis Report* which lists the CU owned portion of the delinquency.

This report can be run anytime that you want to review the delinquency position of your participation loans. The report will page break by investor.

Detail report sample FHMC (PLI%=100)

```
4/18/23  16:14:09                        ABC CREDIT UNION                              LPLDEQ BRT        PAGE
      RUN ON   4/18/23                    PARTICIPATION LOAN DELINQUENCY ANALYSIS                      USER KSORENSEN

CORP  01  ABC CREDIT UNION
PLI   001 FREDDIE MAC

*** INVESTOR OWNED PORTION OF PARTICIPATION LOANS ***
      ACCOUNT                        DELINQUENCY BALANCE IN DAYS                      DAYS    LAST          LAST    PLI
       NUMBER     30 TO 59      60 TO 89      90 TO 179      180 TO 359    360 & OVER  DLQ   PAY DATE      PAY AMT    %

      11123-781                164,652.46                                              76  01/06/2023     1000.00 100.0
      12233-780        .00                                                             48  04/13/2023     1115.11 100.0
      31111-780   39,689.59                                                            48  01/27/2023      572.13 100.0
      91212-605   25,524.44                                                            34  01/18/2023      800.00 100.0
     100627-605   26,661.20                                                            51  01/30/2023       40.92 100.0
     400940-781   61,658.06                                                            48  01/27/2023       20.23 100.0

* PLI TOTAL    153,533.29    164,652.46           .00           .00          .00
  # DLQ LOANS          5             1             0             0            0
```

Detail report sample PART (PLI % less than 100)

```
4/18/23  16:14:09                        ABC CREDIT UNION                              LPLDEQ BRT        PAGE
      RUN ON   4/18/23                    PARTICIPATION LOAN DELINQUENCY ANALYSIS                      USER KSORENSEN

CORP  01  ABC CREDIT UNION
PLI   010 STANDARD REAL ESTATE

*** INVESTOR OWNED PORTION OF PARTICIPATION LOANS ***
      ACCOUNT                        DELINQUENCY BALANCE IN DAYS                      DAYS    LAST          LAST    PLI
       NUMBER     30 TO 59      60 TO 89      90 TO 179      180 TO 359    360 & OVER  DLQ   PAY DATE      PAY AMT    %

       1234-790                169,755.05                                              76  01/01/2023     1148.00  90.0
      12345-712                213,531.03                                              76  01/03/2023       21.07  90.0
      22345-712                178,346.01                                              76  12/31/2022     1080.28  90.0
      33456-712  164,754.89                                                            48  03/02/2023       70.26  90.0
      44567-790                 82,939.25                                              76  01/01/2023      379.32  90.0
      55678-712  184,936.49                                                            48  03/02/2023        7.41  90.0
      66789-791                 92,110.75                                              76  01/06/2023        4.27  90.0
      77890-712  139,198.54                                                            48  03/02/2023      654.69  90.0

* PLI TOTAL    488,889.86    736,682.09           .00           .00          .00
  # DLQ LOANS          3             5             0             0            0

                                        ***END OF REPORT***
```

Summary report sample

```
4/18/23  16:05:46                        ABC CREDIT UNION                              LPLDEQ           PAGE
      RUN ON   4/18/23                    PARTICIPATION LOAN DELINQUENCY ANALYSIS                      USER KSORENSEN

*** INVESTOR OWNED PORTION OF PARTICIPATION LOANS ***
                                                  DELINQUENCY BALANCE IN DAYS
                               30 TO 59       60 TO 89       90 TO 179      180 TO 359    360 & OVER

 ** GRAND TOTALS      --    185,862,871.34  233,797,070.95   4,136,184.57   761,394.56   392,589.13

    # OF LOANS DELINQUENT --      1,538          1,837            49             8             4

                                        ***END OF REPORT***
```

MEMBER ACTIVITY ON PARTICIPATION LOANS

PL 2: Review Mbr Activity on Part. Loans (Tool #766)

Field Name	Description
Corp ID	Corporation ID, default is 01.
Transaction date range	The range of dates for the member activity.
PL Investors	This is a Select button that allows you to select one or multiple investors.

Run this report to review member transaction activity on participation loans. Report can be viewed or printed via *Print Report* (F14). Loans are selected by Transaction date range and PL investor. This report can be run using any date range, but will only provide activity if transactions exist on the member transaction files. The prior 12 months of member activity is available.

Refer to **Page 29** for additional information on this report and for a sample of the display version of the report.

> *Note: The display version of this report does not include Tran Code and Tran Type.*

Printed report version of Member Activity on Participation Loans

```
4/14/10  11:50:59                                    TEST CREDIT UNION                      LPLPAC                        PAGE 1
    RUN ON    6/15/10                        MEMBER ACTIVITY ON PARTICIPATION LOANS                    USER KARENS
                                               DATE RANGE: 10/01/2009 TO  1/01/2010
CORP   01   TEST CREDIT UNION
PLI    002  FHLB

                  TRANS          TRANS     TRAN  TRAN                                 TRANS RESULT    DESCRIPTION
LOAN ACCOUNT      DATE           AMOUNT    CODE  TYPE     PRINCIPAL     INTEREST        BALANCE       / DESCRIPTION2
   187989 790   01/01/10        332.20     22    29          99.78       232.42       43650.05       AUTO. FUNDS TRANSFER
   187999 790   12/01/09        332.20     22    29          98.73       233.47       43849.08       AUTO. FUNDS TRANSFER
   187999 790   11/01/09        332.20     22    29          98.21       233.99       43947.81       AUTO. FUNDS TRANSFER
   469989 790   12/05/09        625.76     22    29         168.21       457.55      121845.92       AUTO. FUNDS TRANSFER
   469989 790   11/05/09        625.76     22    29         167.58       458.18      122014.13       AUTO. FUNDS TRANSFER
   535999 790   12/03/09        359.90     22    12          94.70       265.20       68715.16       FIRST MTG PAYMENT
                                                                                                     MBR-ELECTED PAYMENT
   535999 790   11/03/09         40.10     22    12          40.10         .00        68809.86       FIRST MTG PAYMENT
                                                                                                     MBR-ELECTED PRINCIPA
   535999 790   11/03/09        359.90     22    12          94.18       265.72       68849.96       FIRST MTG PAYMENT
                                                                                                     MBR-ELECTED PAYMENT
   535999 790   10/05/09         40.10     22    12          40.10         .00        68944.14       FIRST MTG PAYMENT
                                                                                                     MBR-ELECTED PRINCIPA
  1239989 790   12/01/09        190.82     23    61         190.82         .00       126954.01       XFER FOR ESCROW
  1239989 790   11/01/09        856.44     22    29         353.27       503.17      126763.19       AUTO. FUNDS TRANSFER
  1239989 790   10/01/09        190.82     23    61         190.82         .00       127116.46       XFER FOR ESCROW
   405999 790   12/11/09       1541.46     23    37            .00         .00        97600.00       LOAN DISB, C/U CHECK
                                                                                                     LOAN/DISB# 000113760
  4050989 790   12/11/09        204.00     23    37            .00         .00        96058.54       LOAN DISB, C/U CHECK
                                                                                                     LOAN/DISB# 000113759
  4050989 790   12/11/09         35.00     23    40            .00         .00        95854.54       LOAN DISB, G/L ACCT
  4050989 790   12/11/09         67.00     23    37            .00         .00        95819.54       LOAN DISB, C/U CHECK
                                                                                                     LOAN/DISB# 000113758

TOTALS:                        6133.56                     1636.50      2649.70

                               ***** E N D   O F   R E P O R T *****
```

Report Field Descriptions

Field Name	Description
PLI	Participation Loan Investor
Loan Account	The loan account base and type from the member transaction record.
Trans Date	Transaction Date from the member transaction record.
Trans Amount	Transaction Amount from the member transaction record.
Tran Code	Transaction Code from the member transaction record (only appears on printed version of report).
Tran Type	Transaction Type from the member transaction record (only appears on printed version of report).
Principal	Principal Paid on the loan from the member transaction record.
Interest	Interest Paid on the loan from the member transaction record.
Trans Result Balance	Transaction Resulting Balance from the member transaction record.
Description 1	Primary transaction description from the member transaction record.
Description 2	Secondary transaction description from the member transaction record.

UNFUNDED LOAN REPORT

PL 3: Review Unfunded Participation Ln (Tool #768)

Session 0 CU*BASE GOLD Edition - Unfunded Participation Loan Report

Corp ID   01

Loan categories   Select   0 selected

> *i* This inquiry looks for unfunded participation loans by loan category code. Unfunded loans are open on the member loan file, but do not exist on the participation loan file.

FR (4079)

Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Loan categories	This is a select button that allows selection of 1 or more loan category codes.

Run this report to identify unfunded (new) loans. Unfunded loans are open on the member file, but do not exist on the participation loan file. Report can be viewed on the screen or printed via *Print Report* (F14).

This report helps to identify loans new that should be added to the participation loan system. (Refer to **Page 12** for instructions on adding a loan to the PL system). The report can also identify loans that are waiting to be funded by FHLB. This situation can cause the member and participation G/L accounts to be out of balance.

Printed Report version

```
 4/15/10  12:04:21                             TEST CREDIT UNION                      LPLNEW            PAGE 1
   RUN ON   4/15/10                            UNFUNDED LOAN REPORT                                 USER KARENS

CORP  01  TEST CREDIT UNION
LOAN CATEGORY  80

                                   - - - - - - - - MEMBER INFORMATION - - - - - - - -
LOAN ACCOUNT    NAME                 LN CTG       PRIN BAL      OPEN DATE       LST PMT DT

  3549999 781   DAVID A SCHWIMMER      80          92597.59      04/14/10        04/14/10
  4679999 780   JENNIFER ANISTON       80         122342.54      04/15/10        04/15/10
Total Principal Balance                          214,940.13
Total Number of Unfunded Loans =    2

                                        ***END OF REPORT***
```

Report Field Descriptions

Field Name	Description
Loan Account	The loan account base and suffix.
Name	The member name.
Ln Ctg	The loan category code.
Prin Bal	The principal balance from the member loan file.
Open Date	The open date from the member loan file.
Lst Pmt Dt	The last payment date from the member loan file.

PAID OFF LOAN REPORT

PL 4: Review Paid Off Participation Lns (Tool #767)

Field Descriptions

Field Name	Description
Corp ID	Corporation ID, default is 01.
Loan categories	This is a select button that allows selection of 1 or more loan category codes. At least one entry is required.
Closed date range	This is the date range to check for closed loans on the member file.

Run this report to identify closed (paid off) member loans. Report can be viewed on the screen or printed via *Print Report* (F14).

The report is used to identify paid off loans that will need an interest adjustment in the PL work file (paid off loans almost always need to have interest adjusted in the work file). If the participation loan status is an "E" for existing, the closed loan is open on the participation loan system.

This report may be helpful for cleaning up the participation loan files. By identifying the closed (paid off) member loans, the loans with a PL STATUS of "C" (Closed) can be manually deleted from the participation loan system via **Tool #119 *PL 1: Add/Maintain Participation Loans***. Select the loan, then use **Delete**.

Printed report version of Paid Off Loan Report

```
4/14/10  12:19:43                                    TEST CREDIT UNION                      LPLPOF          PAGE   1
    RUN ON   4/14/10                                PAID OFF LOAN REPORT                                  USER KARENS

CORP  01  TEST CREDIT UNION
LOAN CATEGORY  80
CLOSED DATE RANGE:  1/01/2010 TO  4/01/2010

                                    - - - - - - - - -  MEMBER INFORMATION  - - - - - - - - -    - PL -    - RD -
LOAN ACCOUNT    NAME                LN CTG      PRIN BAL      OPEN DATE    CLSD DATE    LST PMT DT  STATUS    LOAN

   665999 780   MARY JANE JONES        80          .00       09/29/04     01/08/10     01/08/10      C         N
  1177989 780   JOHN DEWITT            80          .00       06/16/03     01/25/10     01/25/10      E         N
  1889999 780   JAMES B SAUDER         80          .00       01/23/08     03/26/10     03/26/10      E         Y
  3970989 780   VINCENT L PARKER       80          .00       12/28/05     01/04/10     01/04/10      C         N
Total Number of Closed Loans =      4

                                          ***END OF REPORT***
```

Report Field Descriptions

Field Name	Description
Loan Account	The loan account base and suffix.
Name	The member name.
Ln Ctg	The loan category code.
Prin Bal	The principal balance from the member loan file.
Open Date	The open date from the member loan file.
Clsd Date	The closed date from the member loan file.
Lst Pmt Dt	The last payment date from the member loan file.
PL Status	Participation Loan Status, E=Existing, N=New, C=Closed, Blank=does not exist in PL system
RD Loan	A Y indicates that this is a Rural Development loan.

PARTICIPATION LOAN ACCRUED INTEREST REPORT

Accrue Interest for 360 Particip. Loans (Tool #107)

The Accrued Interest report will generate if this box is checked.

When processing the interest accrual, this report generates if the "Print participation loan accrued interest report" box is checked. A listing of all the loans for the "Settlement calculation routine" and "Company code" (if applicable) is provided along with interest accrual information.

```
5/09/11   9:35:15                              TEST CREDIT UNION                     UPLACCI          PAGE
    RUN ON 5/9/2011                  PARTICIPATION LOAN ACCRUED INTEREST REPORT                    USER KARENS
                                        PROCESS DATE:   5/11


PLI   001 FHLB
SETTLEMENT CALC  FHLB
COMPANY CODE   ABC

                    DATE          PRINCIPAL            ACCRUED            PAST DUE              TOTAL
LOAN ACCOUNT      REPORTED         BALANCE             INT DUE            INTEREST          INTEREST DUE

   187999 790     04/30/11         42410.53            216.47             216.47               432.94
   203999 790     04/30/11         88370.54            248.54             248.54               497.08
   207999 790     04/30/11         66559.38              .00 *              .00                  .00
   301999 790     04/30/11         87928.06            247.30               .00                247.30
   322999 790     04/30/11        120603.07            464.82             464.82               929.64
   329999 790     04/30/11        147029.29            551.36               .00                551.36
   370999 790     04/30/11        105565.36            296.90             296.90               593.90
   386999 790     04/30/11        176200.31            495.56               .00                495.56
   469999 790     04/30/11        119600.97            423.59             423.59               847.18
   535999 790     04/30/11         65648.88            239.34             239.34               478.69
   641999 790     04/30/11         84041.88            288.89               .00                288.89
   646999 790     04/30/11        119001.74            322.30             322.30               644.60
   658999 790     04/30/11         81000.00            244.69             244.69               489.38
   667999 790     04/30/11         47591.22            188.38               .00                188.38
   683999 790     04/30/11         78309.21              .00 *              .00                  .00
   826999 790     04/30/11         82873.83            241.72             337.08               578.80
   964999 790     04/30/11        287701.64            959.01               .00                959.01
   970999 791     04/30/11        143401.47            478.00               .00                478.00
   987999 790     04/30/11         64733.15            195.55             195.55               391.10
  1017999 790     04/30/11         33579.76            101.44               .00                101.44
  1081999 790     04/30/11        125355.60            378.68             378.68               757.36
  1099999 790     04/30/11        125845.19            353.94               .00                353.94

   TOTAL BY PLI    001          2,418,706.78          6,936.48           3,367.96   .         10,304.44
```

Report Field Descriptions

Field Name	Description
Loan Account	The loan account base and suffix.
Date Reported	The last date that this loan was reported to the investor.
Principal Balance	The participation loan principal balance.
Accrued Int Due	The amount of interest accrued for the loan. A zero amount with an asterisk (.00 *) indicates that the loan did not accrue interest.
Past Due Interest	The past due interest amount.
Total Interest Due	The total interest due that includes the current interest due and the past due interest.

CONFIGURATIONS FOR FHLB PARTICIPATION LENDING

CONFIGURING LOAN CATEGORY CODES

A unique loan category code is set up for Federal Home Loan Bank loans.

Loan Category Configuration (Tool #458) - Screen 1

There are several settings on the first loan category configuration screen that relate specifically to the 360-day interest calculation method:

1 Interest Calculation Type

Calc Type	Description
365 (0)	The standard daily interest calculation using a 365-day year.
None (2)	Does not accrue interest. Primarily used for written-off loans.
***360 / Post* (3)**	**Interest is based on twelve 30-day months, calculated once each month on the same day of the month (i.e., interest is paid in arrears).** Use the ***Day to calculate interest*** field to specify the day of the month when interest should be calculated. This can be any date (depending on your loan participation partner).
360 / 365 (4)	*(Used for business loans.)* The standard daily interest calculation using a 360-day year (30-day month). Interest is accrued each day using a *per diem* calculated as follows: $Rate \div 360 \times Loan\ Balance = Per\ diem$ Refer to the separate "Loan Interest Calculation: '360/365 Daily Interest'" booklet for more details.

Calc Type	Description
ADB (5)	*(Average Daily Balance)* Used for online credit cards only.

2 Next Payment Date/Delinquency Control

This flag controls whether or not you allow the member to pay ahead. This is so a member could, for example, pay his May payment during March.

The *Can Pay Ahead* setting would allow *unlimited* payments ahead and is not generally recommended for 360 mortgages. Depending on your policies and the guidelines from your participation partners, you may choose to allow a member to pay 1 or 2 payments ahead (up to 9 maximum).

> *If you do allow members to pay ahead, remember that CU*BASE will NOT track the amount of interest paid ahead, which means that if a member who has been paying ahead pays off his entire mortgage early, you will still need to manually calculate any* **interest rebate** *to which the member may be entitled.*

If you prefer to require one payment per period, set this flag to *Single Payment Per Period* (P). In this case the interactive messaging will automatically warn the member that early payments will be applied directly to principal, and the member can choose to cancel and wait to make the payment until the next month.

> *Remember that regardless of this setting, members can always make their* current *payment at any time during the month, even prior to the interest calculation date. For example, a member can make his May payment on April 10, even if interest for the May payment isn't normally calculated until April 20, because of the "instant interest calc" feature (described on Page* **Error! Bookmark not defined.***).*

3 Include Delinquency Fine in Partial Pay

This flag controls whether the collection of a fine is necessary in order to move the payment due date ahead to the next period.

Because CU*BASE requires that fines be collected <u>last</u> for 360-day calc. type loans, this flag should always be **checked** for these loan categories so that fines would always be considered an <u>additional</u> payment and not a payment

toward advancing the next payment date and keeping the loan current. *(As a rule, this flag should be checked any time fines are set to pay last in the payment matrix, even for non 360-type loans.)*

> See Page **Error! Bookmark not defined.** *for tips on how CU*BASE will help you collect delinquency fines when payments are made.*

Screen 2

4 Payment Matrix Priorities

A loan's Payment Matrix controls how funds are spread among the separate portions of a loan payment (principal, interest, fines, escrow, etc.). The payment matrix is configured at the loan category level, or can be adjusted for each individual loan. In order to process correctly with automated processes, the payment matrix on a 360-day calculation type loan must be set up in the following order:

1) Escrow *(if these mortgages will have escrows)*
2) Interest Due
3) Principal
4) Fine Amount

The *Over payment indicator* must be set to PRN (Principal).

Collecting Delinquency Fines: If you use this standard configuration, the system <u>will</u> automatically collect fines due <u>if</u> the member adds extra to his regular payment. For example, say the member's regular payment is $900 and he owes $25 in fines. If he makes a payment of $1,000, the system will satisfy the $900 payment, pay $25 in fines, and put the remaining $75 on principal. Also see Page **Error! Bookmark not defined.** for more tips about collecting fines.

WARNING: Setting your matrix in a sequence other than this, either at the loan category level or even on an individual loan, may cause payments to be applied incorrectly and might result in principal or interest being shorted, or the payment due date not advancing properly, or delinquent interest getting out of synch, or a host of other problems. **Extreme care must be taken if you choose to deviate from this standard matrix for any of your mortgage accounts.** *Remember that the spread can be manually adjusted for one transaction at the time via Payment Matrix Override.*

"Payment Controls" (F17)

5

5 Payment Controls

The window shown above is used to control how payments can be made for these loans in the following loan payment programs *only*:

- Teller Posting
- Member Transfers *(via Tool #516, Phone Op, and "Journal Transfer" (F13) in Teller Posting)*
- Direct/Mail Post
- **It's Me 247** Online Banking

Control	Description
Allow partial payments	Uncheck this flag to block partial payments from being applied. If a payment is entered other than the normal scheduled payment amount, a warning will be displayed and the payment will not be allowed to post with the incorrect amount. (This flag is also used by **It's Me 247** when setting up AFT payments to mortgages, to prevent a member from setting up a short payment.)
	Remember that the system will always allow extra payments to principal or principal-only payments, regardless of the setting of this flag. Therefore, this flag must be left <u>unchecked</u> for 360 mortgages for the most consistent processing.
	HINT: Consider establishing a "sweep" account and requiring payments to be posted to that account instead (see Page **Error! Bookmark not defined.** for instructions).
Allow partial escrow payments	*(Displays only when* Allow partial payments *is checked.)* **This feature is not supported for the 360-day interest calculation type** and must be left <u>unchecked</u>.

Control	Description
	For loans with the 365-day daily accrual calc type, this flag allows partial payments throughout the month toward satisfying the full escrow payment, similar to the regular partial payment feature.
Allow payment prior to first payment date	<u>Uncheck</u> this flag to prevent members from making a payment prior to the first scheduled payment due date. Generally needed only for products sold on the secondary market.

"Audio/Online Banking" (F23)

This window controls whether or not members can make mortgage payments on their own via **It's Me 247** online banking. Remember that with the interactive messaging features and other automated controls, you can feel confident in allowing your members to make their mortgage payments via online banking, so **we recommend the *Allow payments via audio/online banking* flag be set to "Always" (1)**.

Other credit union policies may influence how you choose to set this flag. For example, if you automatically set up sweep accounts to receive payments for *all* of your mortgages, then you could set this to **"Never" (2)** so that members cannot make payments directly to the loan account itself. Or, if your collections staff wants to keep a tighter control on payments made to delinquent mortgages, you could choose option **"Only if Loan is Current" (3)**, which will block a member from making a payment via **It's Me 247** if their mortgage is past due. The following message will be displayed to members when they try to make a transfer:

> Because your loan is currently past due, we are unable to process your payment via online banking. Please contact the credit union directly for assistance in making this payment.

SETTING UP AN ESCROW SAVINGS PRODUCT

A unique share product must be set up to identify FHLB escrow accounts. It is recommended that a different account suffix range be used as well. To set up the escrow savings product, access **Tool #777 *Savings/Checking Products Configuration*** and create a new dividend application. Be sure to set the "Application type" to "TX=Tax/escrow share products".

Savings/Checking Products Configuration **(Tool #777)**

For additional information on escrow account, refer to the *Escrow Processing with CU*BASE* booklet.

CONFIGURING PARTICIPATION LOAN TYPE CODES

Configure Participation Loan Types (Tool #266)

This is the first of two screens used to configure Participation Loan Type codes. These codes are assigned to individual participation loan accounts to help identify groups of loans and to use when printing reports.

It is recommended to set up a unique participation loan type code for FHLB loans.

- To create a new code, use *Add* (F6). To modify an existing code, select it in the list and use the **Change (2)** option. The screen below will appear.

- To delete a code, select it in the list and use the **Delete (4)** option. Codes that are tied to any participation loans cannot be deleted.

- To print a list of participation loan type codes, use *Print* (F5).

Use this screen to record a description for the group of loans. When done, use **Enter** to save and return to the previous screen.

Field Descriptions

Field Name	Description
Code	Enter any 2 position code (letters and numbers are allowed). For an existing code, this field cannot be changed.
Description	Enter a description for this group of loans, such as "real estate participation," etc.

CONFIGURING INVESTOR INFORMATION (PLI)

Configure Particip. Loan Investor Info (Tool #265) - Screen 1

This is the first of two screens used to configure the information for your credit union's investors. These are the organization(s) that will be investing in your credit union's loan accounts. In the participation loan system, the Participation Loan Investor is often referred to as the PLI.

The PLI also controls the default G/L accounts that will be used to record principal, accrued interest, interest income and settlement accounts when participation loan work files are posted.

Use the search criteria at the top of the screen to jump to a specific investor or search based on the investor name. To view an investor's information, use the **View (5)** option.

To create a new investor, use *Add* (F6). To modify an existing PLI, select the name in the list and use the **Change (2)** option. The screen shown on the next page will appear.

To delete a code, select it in the list and use the **Delete (4)** option. Investors that are tied to any participation loans cannot be deleted.

Report Sample

This report will be printed when you use *Print* (F5):

```
11/01/11  14:03:36                          TEST CREDIT UNION                        LPLINVR        PAGE   1
    RUN ON 11/01/2011                  PARTICIPATION LOAN INVESTOR REPORT                        USER KARENS
                                                              STLMNT  STLMNT  CO                        G/L
PLI #   CU NAME/INVESTOR               CONTACT                 CALC    TYP   CODE  R & T NBR   TYP   STLMNT
  1     FREDDIE MAC                    BILL SMITH              FHMC     SA                      01    89901
        123 MAIN STREET                            PH   616 295-1234
        GRAND RAPIDS        MI 49546               FAX  616 295-2345
                    BSMITH@FREDDIEMAC.COM
        STARTED OFFERING FREDDIE LOANS IN MARCH OF 2009. FOR ISSUES WITH SETTL
        EMENT, REFER TO THE FREDDIE MAC SELLER SERVICER GUIDE.
  2     FANNIE MAE                     JOHN SMITH              FNMA     AA         272480131          89900
        PO BOX 209                                 PH   616 491-7123
        FRANKENMUTH         MI 48734               FAX  616 491-7124
                    JSMITH@FANNIEMAE.COM
        OPENED 08/22/2008 - FIRST FANNIE GRANTED 08/2008
        EFFECTIVE 09/01/2010 - PLI003 COMBINED FROM NMS BACK TO FCU INTO ONE
        BIG FILE UNDER PLI002
  5     MIDWAY CREDIT UNION            ALISON JONES            PART     AA                      05    89902
        541 MAIN STREET                CEO         PH   616 600-2520
        GRAND RAPIDS        MI 49546               FAX  616 555-1212
                    AJONES@MIDWAYCU.COM
        FIRST SETTLEMENT - PURCHASE OF A POOL 10/30/08
  6     NATIONAL BANK                  KAREN JONES             P360     AA                      06    89903
        545 MAIN STREET                            PH   616 541-1233
        GRAND RAPIDS        MI 49546               FAX  616 541-3892
        FIRST POOL PURCHASED AND SETTLED 10/30/08
 10     FHLB                           CONTACT NAME 1          PART     AA    010  272727272   06    89902
        123 MAIN                       VICE PRESIDENT  PH  616 285-5711
        GRAND RAPIDS        MI 49546               FAX  616 285-0825
                    CONTACT1@FHLB.COM
                                       CONTACT NAME 2
                                       ACCOUNTING MANAGER  PH  616 154-5465
                                                           FAX 616 545-4542
                    CONTACT2@FHLB.COM
        OPENED 1/1/11.
                                            ***END OF REPORT***
```

Screen 2

Use **Enter** to save and return to the previous screen.

Field Descriptions

Field Name	Description
PLI investor #	If adding a new code, enter any 3-digit number (letters are not allowed). For an existing code, this field cannot be changed.
CU/Investor name	Enter the name of the investing individual or organization. This is a required field
Seller/Servicer #	The number assigned by the government investor to identify the credit union. This is a required field for FHLB.
Company code	This is an optional 3 position code that identifies companies that service participation loans, i.e. a mortgage CUSO. This is an optional field.
EIN/TIN	The employer identification number or the tax identification number for the investor. This is an optional field.
Address 1 Address 2 City State ZIP code	These fields contain address information for the investor. Address1, City, State and ZIP code are required.
Contact name Title Contact phone # Fax # Email	These fields contain contact information for the investor. Information for up to three contacts can be entered. These fields are optional.
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard 365participation loans), and P360 (other 360 mortgage loans). This is a required field.
Settlement type	The method used for determining how funds are paid to the investor: either by *AA (Actual/Actual)*, taking into account actual activity on the loan or *SA (Scheduled/Actual)*, taking into account scheduled interest and actual principal collected from the member. Note: The *SS (Scheduled/Scheduled)* settlement type is not available for use at this time.
R&T #	Enter the Routing & Transit number for this investor. This informational field may be used for electronic settlement.
Default PLI type	If you wish to automatically assign a Participation Loan Type code to all loans attached to this investor, enter the type code here. Click the spyglass button to see a list of your credit union's configured codes. This is an optional field. Leave the field blank if you do not wish to assign a default code. See **Page 83** for details about configuring these codes.
Settlement G/L acct	Enter the G/L account used to settle cash with the investor each time a settlement is posted, as well as when a new loan investment is originally purchased. This is a required field.

Field Name	Description
Principal G/L acct	Enter the G/L account used to post the amount paid by the investor for their portion of the member's loan. (This is considered a contra-asset account). This is a required field.
Accrual G/L acct	Enter the G/L account used to post the amount of interest accrued for the investor but not yet paid. This represents a payable account. This is a required field.
Interest G/L acct	Enter the G/L account used to post the amount of interest paid to the investor (income acct). This is a required field.

Refer to **Page 91** for recommended G/L accounts to use for FHLB.

Buttons

Command Key	Description
Suspend (F4)	Use this to suspend this investor so that it cannot be attached to any participation loans. To reactivate, return to this screen and use Enter. BE CAREFUL: Be sure this investor is not tied to any loan accounts before suspending it.
Comments (F12)	Use this to update or review any special notes about this investor, details about settlement issues and restrictions, etc. Comments are optional.

If *Comments* (F12) is used, the below screen will display.

CONFIGURING THE SETTLEMENT CALCULATION ROUTINE

Configure PL Settlement Calc Routines (Tool #269)

Screen 2

This screen is used to configure the Settlement Calculation Routines for the credit union. This routine determines how a participation loan is handled during the settlement process.

For settlement calculation routines FNMA, FHMC, FHLB and P360, you are required to enter a "Monthly settlement day". The "Monthly interest accrual day" will default to one day after the "Monthly settlement day".

For FHLB, the "Monthly settlement day" should be 31. The "Monthly interest accrual day" will then default to 01.

The configuration also contains free form fields that can be used to enter tips specific to the settlement calculation routine. The sample screen above has the suggested settlement tips for FHLB.

Field Descriptions

Field Name	Description
Settlement calculation routine	The routine that determines how the settlement amounts get calculated when a work file is processed. Valid settlement calculation routines are FNMA (Fannie Mae), FHMC (Freddie Mac), FHLB (Federal Home Loan Bank), PART (standard

Field Name	Description
	participation loans), and P360 (other 360 mortgage loans). This is a required field.
Settlement type	The method used for determining how funds are paid to the investor: either by *AA (Actual/Actual)*, taking into account actual activity on the loan or *SA (Scheduled/Actual)*, taking into account scheduled interest and actual principal collected from the member. Note: The *SS (Scheduled/Scheduled)* settlement type is not available for use at this time.
Monthly settlement day	The processing day of the month for the required monthly settlement. For FHLB this is 31 which indicates end of month.
Monthly interest accrual day	The day of the month that the interest should be accrued for the monthly settlement file. This will default to one day after the *Monthly settlement day* and should be 01 for FHLB.
Settlement Tips	Settlement tips associated with the *Settlement calculation routine*. This information is user defined and not required. These tips appear on the "Create/Post Work File" screen.
URL	The URL associated with the *Settlement calculation routine*. This field is not required and is generally used for government investors (FNMA, FHMC, FHLB). The URL displays on the Create/Post Work File screen MNPART #5. Recommended URL for FHLB: http://www.allregs.com/tpl/public/mpf_tll.aspx This URL will access FHLB's Seller Servicer/Servicer guide page.

CONFIGURING COMPANY CODES

Configure Particip. Loan Company Codes (Tool #264)

This screen is used to define companies that service a credit union's participation loans. An example would be a mortgage CUSO. If your credit union services its own participation loans, then no company codes need to be configured.

The company code is entered as a 3 character alphanumeric code along with a description.

To create a new company code, use *Add* (F6). To modify an existing company code, select the name in the list and use the **Change** option. The screen below will appear. To delete a code, select it in the list and use the **Delete** option. Company codes that are tied to any participation loans cannot be deleted.

GENERAL LEDGER

UNDERSTANDING THE GENERAL LEDGER TERMS

Field Name	Description
General Ledger	The central accounting record of an organization which includes offsetting debit and credit accounts including as assets, liabilities, income and expenses.
Participation Loan Investor (PLI)	The partner credit union or other organization that shares in the investment and the risk for the loan.
Contra Account	A GL account that holds a balance opposite the normal balance designation. For example, an asset account that usually has a debit balance would carry a credit balance.
Custodial Account	A credit union share account that either holds the funds to be remitted to FHLB (P&I) or stores the reported balances of member escrow (T&I).
Escrow Account	A member share account that holds the funds used to pay mortgage obligations such as taxes and insurance.

RECOMMENDED GENERAL LEDGER numbers

These are the recommended G/L accounts for FHLB loans. The sequence number xx is user defined. If your credit union has multiple investors, a unique sequence number should be assigned to each investor.

Investor G/L Accounts

716.xx – FHLB Loans Sold (PL Principal)

786.xx – Accrued Interest for FHLB Loans (PL Interest)

117.xx – Servicing Income for FHLB Loans

899.xx – FHLB Settlement

Member Loan G/L numbers:

704.xx – Member Loan Balances

781.xx – Member Accrued Interest

117.xx – Servicing Income

Member Share G/L Account

907.yy – Member Escrow Savings (different extension than 907.xx)

Miscellaneous G/L Accounts

728-xx – Loans held for sale

907.xx – FHLB Contra Escrow

725-xx – FHLB Negative Escrow Funding

PARTICIPATION LOAN GENERAL LEDGER ENTRIES

The following illustration shows sample general ledger entries throughout the life of a FHLB participation loan.

Setup Entries

(A) Credit Union opens/disburse loan to member

(B) Credit Union sets up the participation loan

(C) Investor pays the credit union via a wire transfer; funds are moved to the CU's corporate account then disbursed to the appropriate G/L's.

Settlement Entries

(D) Accrue Interest on member loan

(E) Accrue Interest on participation loan

(F) Principal payment on member loan

(G) Principal payment on participation loan

(H) Interest paid on member loan

(I) Interest paid on participation loan

(J1) Member adjustment to Custodial Account for payments

(Member Principal G/L 704.xx			PL Principal G/L 716.xx[Contra-Asset]		
Debit		Credit	Debit		Credit
(A) 200,000		[F] 100-	(G) 100		(B) 200,000-
		Bal=199,900db			Bal=199,900cr

PL Settlement G/L 899.xx			Cash G/L 739.xx		
Debit		Credit	Debit		Credit
(B) 200,000		(C) 200,000-	(F) 100		[A] 200,000-
[J1] 575-		(G) 100-	[H] 500		
		[I] 475-			
		Bal=0			

Member Accrued Interest G/L 781.xx			PL Accrued Interest G/L 786.xx		
Debit		Credit	Debit		Credit
(D) 500		(H) 500-	[I] 475		(E) 475-
		Bal=0			Bal=0

Member/PL Income G/L 117.xx	Corporate Account G/L 730.xx

Debit	Credit		Debit	Credit
(E) 475	[D] 500-		(C) 200,000	

Servicing Income would be $25-

CONFIGURING YOUR FHLB FINANCIAL STATEMENT

Below are sample screens that indicate how to configure your financial statement.

Financial Report Configuration (Tool #376)

Screen 2

Run the Financial Statement, via **Tool #640** *Print CU Financials*. On the final selection screen, be sure to check the boxes to Summarize locations, Print zero balances and Print G/L account #.

SAMPLE FHLB FINANCIAL STATEMENT

```
 8/25/11  14:54:20  81                       TEST CREDIT UNION                LGLFIPHS81      PAGE
  RUN ON   6/30/16                        FHLB MORTGAGE FINANCIAL                      USER  KARENS
                                         FOR PERIOD ENDING  6/30/16
LOCATION(S) - *ALL
                                               CURRENT
                                                Y-T-D
                                            -----------------
            FHLB MORTGAGE LOANS
    701-81   * FHLB MEMBER 15 YEAR LOANS        2,728,452.59
    701-82   * FHLB MEMBER 30 YEAR LOANS        5,746,271.90
    716-00   * FHLB PARTICIPATION LOANS         8,353,224.49-
                                            -----------------
            PAYMENT ACTIVITY/LOAN NOT FUNDED     121,500.00
            ***************************************
    728-00   * FHLB LOANS HELD FOR SALE               .00
    899-00   PARTICIPATION SETTLEMENT                 .00
            ***************************************
            FHLB ESCROW ACCOUNTS
    903-11    * FHLB MEMBER ESCROW SAVINGS        24,910.43-
    903-15    * FHLB CONTRA ESCROW SAVINGS       25,857.24
    725-00    * FHLB NEGATIVE ESCROW FUNDING        946.81-
                                            -----------------
            FHLB ESCROW NET DIFFERENCE               .00
            ***************************************
    111-81    * FHLB MEMBER LOAN INTEREST - 15 YR   39,055.48-
    111-82    * FHLB MEMBER LOAN INTEREST - 30 YR  105,085.59-
    117-00    * FHLB PARTICIPATION INTEREST       127,887.06
                                            -----------------
            FHLB SERVICING INCOME - ANNUAL        16,254.01-
            ***************************************
    781-81    * FHLB MEMBER ACCRUED INTEREST - 15   5,746.22
    781-82    * FHLB MEMBER ACCRUED INTEREST - 30  15,459.53
    859-00    * FHLB PARTICIPATION INTEREST PAYABL  19,745.65-
                                            -----------------
            FHLB SERVICING INCOME - CURRENT        1,460.10
```

UNDERSTANDING PARTICIPATION LENDING AND YOUR FINANCIAL STATEMENT

Principal Loan balances: You will have an asset G/L account, i.e. 704.00 containing the CU*BASE Member loan balances and a contra asset G/L account, i.e. 716.01 containing the loan balance on the participation system. Because FHLB mortgage loans are 100% sold to the investor, these two accounts should net to zero.

Note: If the accounts do not net to zero, it is generally because loans have been disbursed to the member, but not sold to FHLB yet or payments need to be processed in a participation loan work file.

Loans Held for Sale: You will have an asset G/L account, i.e. 728.00 containing the CU*BASE Member loan balances that have not been funded yet to FHLB. A journal entry is made to this 728.00 G/L when the Principal G/L accounts (704.00 and 716.01) are not in balance. These accounts are generally balanced at month end.

> Example: There is a total loan debit balance of $13,000,000 in GL 704.00 for FHLB loans and a credit balance of $12,295,000- in GL 716.00 for FHLB Loans sold. You should credit GL 716.01 and debit 728.00 for $75,000. The result is that your investor loans are in balance and net to zero.

Sample financial statement entries before journal entry:

704.00 FHLB Member Loans	13,000,000.00
716.01 FHLB Loans Sold	12,295,000.00-
Net Difference:	75,000.00
(Payment Activity/Loans not Funded)	

Sample financial statement entries after journal entry:

704.00 FHLB Member Loans	13,000,000.00
716.01 FHLB Loans Sold	13,000,000.00-
Net Difference:	0.00
(Payment Activity/Loans not Funded)	
728.00 FHLB Loans Held for Sale	75,000.00

> **Optional Journal Entry for end of month (EOM):**
> If there is a difference in these G/L accounts at EOM because loans opened on CU*BASE have not yet been sold to FHLB, you can move the amount of loans not sold from 716-01 to 728-00 and reverse the entries at the beginning of the month. This entry re-classes the difference correctly at EOM as Loans Held for Sale and results in the FHLB loans and contra G/L to net to zero.

Accrued Loan Interest: You will have an asset G/L account, i.e. 781.00 containing the member accrued loan interest on CU*BASE and a contra asset G/L account, i.e. 786.00 containing the accrued loan interest owed the investor on the participation system.

*Note: The interest rate on the participation side is typically .25% lower than the interest rate on CU*BASE so that the CU earns .25% of the interest for servicing the loans for the investor.*

> For example, there is a debit amount of $61,500 in GL 781.00 for Member Loan accrued interest and a credit balance of $60,000- in G/L 786.00 for FHLB accrued interest due the investor. The net of $1500.00 would be your .25% servicing income YTD.

781-00 Member Loan Accrued Interest	61,500.00
786-00 FHLB Accrued Interest	60,000.00-
FHLB Servicing Income	1,500.00

Member Loan Interest Income: On the last day of the month (per the loan category config), interest accrues on the FHLB member loan balances and posts to G/L 117.xx as a credit amount. On the Participation loan system, interest accrues via **Tool #107 *Accrue Interest for 360 Particip. Loans*** and posts to 117.xx as a debit amount. The net balance is the servicing income.

May 31 Member Accrual to 117.00	61,500.00-
June 1 PL Accrual to 117.00	60,000.00
FHLB Servicing Income	1,500.00-

Custodial Accounts: FHLB requires two non-interest bearing share draft member accounts on CU*BASE; one for the loan payments of principal and interest (P&I) and another for the loan escrow share funds used to pay the mortgage escrow bills such as taxes and insurance (T&I).

Example:
P&I Custodial Account 1234-001
T&I Custodial Account 2345-001

Each Custodial Account is reconciled monthly using the FHLB Custodial Account Reconciliation Reports. To help complete these Forms, print the month end member statement to obtain the custodial account balance. Also, print the Escrow Share Detail Report* to obtain the Total Positive Balances and Total Negative Balances of the escrow accounts.

* This is the daily report LPLESC that sorts by dividend application.

Investor Settlement: When member loan payments are processed in the participation loan system the total principal and interest posts to a settlement G/L account, i.e. 899.01. These funds must be credited to the P&I Custodial Account. This is done via **Tool #492 *Member Account Adjustment (Full)*** and results in the balance in G/L 899.01 going to zero in end of day processing. After the end of the reporting period, the CU initiates a draft request to FHLB for the total settlement amount based on data reported to FHLB from end of cycle. The credit union remits the funds via a wire transfer.

Principal Member Escrow Share balances: You will have a liability G/L account, i.e. 907.00 containing the total of the member escrow share account balances. You will also have a contra liability G/L account, i.e. 907.99 containing the escrow share balance in the T&I Custodial Account. These G/L accounts should net to zero daily.

EXAMPLE (no negative balance escrow accounts):

Step 1) Access the Escrow Share Detail Report.

```
6/13/11  13:19:12                                    TEST CREDIT UNION                      LPLESC           PAGE 1
     RUN ON 7/07/2011                             ESCROW SHARE DETAIL REPORT                            USER ERICS
CORP  01  TEST CREDIT UNION
DIV APPL  TE
                                                          CURRENT
LOAN ACCOUNT          LAST NAME        FIRST NAME          ACCT BAL  NEG   FREEZE
     3699 151         MEMBER           WILLIAM              4917.03              1
     3999 150         MEMBER           TERESA               3780.87              1
     5499 150         MEMBER           JAMES                2828.00              1
     5899 150         MEMBER           LISA                 1371.69              1
     7999 150         MEMBER           MARCIA               2933.59              1
     8399 154         MEMBER           CHRISTOPHER         11866.58              1
    12499 150         MEMBER           BRIAN                2584.74              1
    14299 154         MEMBER           ALLYN                1420.09              1
    14599 154         MEMBER           CHRIS                3320.17              1
    15599 150         MEMBER           ANTHONY              2155.19              1
    16299 150         MEMBER           MARY                 3018.13              1
    16599 150         MEMBER           JOSEPH               1400.48              1
    17999 150         MEMBER           JANE                 1364.00              1
    18999 154         MEMBER           JASON                5364.09              1
    19999 150         MEMBER           MILDED               2839.12              1
   147838 150         MEMBER           KAREN                1836.23              1

Total Number of Accounts =     16
Total Positive Balances =           53,000.00
Total Negative Balances =                 .00
```

T&I Custodial Acct#2345-001 balance = $49,000.00

Step 2) Compare the balance of the T&I Custodial Account ($49,000) to the total member escrow shares (Total Positive Balances=$53,000). Post the difference using **Tool #492 *Member Account Adjustment (Full)*** by posting a credit of $4,000 to the T&I Custodial Account using the contra escrow G/L 907.99 as the offset.

Step 3) The new balance in 2345-001 is $53,000.00 which matches the total positive escrow balance on the Escrow Share Detail Report.

Note: Deposits to member escrow accounts via loan payments create an increase to the member balances thus you will post a credit to the T&I account. Escrow disbursements from member escrow accounts create a decrease to the member balances thus you will post a debit to the T&I account.

Escrow Negative Funding Account: You will have an asset G/L account, i.e. 725.00 containing the total of member escrow accounts with a negative balance.

> Note: The member escrow account balances can be negative because the credit union is required to pay the member escrow T&I bill regardless of whether the funds are in the member's escrow account.

EXAMPLE (with negative balance escrow accounts):

Step 1) Access the Escrow Share Detail Report.

```
   RUN ON 7/07/2011                                ESCROW SHARE DETAIL REPORT                              USER ERICS
CORP  01  TEST CREDIT UNION
DIV APPL  TE
                                                        CURRENT
LOAN ACCOUNT          LAST NAME        FIRST NAME       ACCT BAL  NEG   FREEZE
    3699 151          MEMBER           WILLIAM           4917.03           1
    3999 150          MEMBER           TERESA            3780.87           1
    5499 150          MEMBER           JAMES             2828.00           1
    5899 150          MEMBER           LISA              1371.69           1
    7999 150          MEMBER           MARCIA            2933.59           1
    8399 154          MEMBER           CHRISTOPHER      11866.58           1
   12499 150          MEMBER           BRIAN             2584.74           1
   14299 154          MEMBER           ALLYN             1420.09           1
   14399 150          MEMBER           DENNIS             500.00-   *
   14599 154          MEMBER           CHRIS             3320.17           1
   15599 150          MEMBER           ANTHONY           2155.19           1
   16299 150          MEMBER           MARY              3018.13           1
   16599 150          MEMBER           JOSEPH            1400.48           1
   17999 150          MEMBER           JANE              1364.00           1
   18999 154          MEMBER           JASON             5364.09           1
   19999 150          MEMBER           MILDED            2839.12           1
  147838 150          MEMBER           KAREN             1836.23           1

Total Number of Accounts =      17
Total Positive Balances =          53,000.00
Total Negative Balances =             500.00-
```

Note: The total net of escrow shares is $52,500.00

T&I Custodial Acct#2345-001 balance = $49,000.00

Step 2) Compare the balance of the T&I Custodial Account ($49,000) to the total member escrow shares (Total Positive Balances=$53,000). Post the difference using **Tool #492 *Member Account Adjustment (Full)*** by posting a credit of $4,000 to the T&I Custodial Account using the contra escrow G/L 907.99 as the offset.

The new balance in 2345-001 is $53,000.00.

Step 3) Process a journal entry to fund the negative balance amount. This is done via **Tool #61 *Create/Post GL Journal Entries***. Post a credit of $500 to G/L 725.00 FHLB Escrow Funding using 907.00 FHLB Contra Escrow as the offset.

Sample financial statement before journal entry:
907.00 FHLB Member Escrow Savings   52,500.00-
725.00 FHLB Escrow Funding   0.00
907.99 FHLB Contra Escrow   53,000.00

Sample financial statement after journal entry:
907.00 FHLB Member Escrow Savings   52,500.00-
725.00 FHLB Escrow Funding   500.00-
907.99 FHLB Contra Escrow   52,500.00

> Note: The member escrow accounts remain negative so that the Escrow Analysis Report calculates properly.

APPENDIX A: SCHEDULE OF MORTGAGES

Schedule of Mortgages   Page 1 of 1

SCHEDULE OF MORTGAGES
Federal Home Loan Bank of Cincinnati

PFI:		: FCU	Custodian:	US BANK HOME MORTGAGE
PFI Number:	504575		Servicer:	: FCU
Mandatory Delivery Commitment Number:	23824		Servicer Number:	2963
Master Commitment Contract Number:	51016		Settlement Date:	8/29/2011

Borrower Last Name	PFI Loan #	Property Address	Property City	Property State	Property Zip	Original Balance	First Pmt Date	Note Rate	P & I Payment	Note Date	Maturity Date	Term
STAC	1297		NORTH ROYALTON	OH	44133	$157,880.00	10/1/2011	4.25	$1,187.70	8/16/2011	9/1/2026	180
TOTAL	1 LOANS					$157,880.00			$1,187.70			
AVERAGE						$157,880.00						

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