



Deep Dive: Payoff Process Pre- and Post-Securitization

2018 Asset Management & Operations Servicer Workshop















- It is the Servicer's responsibility to notify Freddie Mac of a payoff request via
 - » DMS, or
 - » Email notification to: mfopsloanacctpayoffs@freddiemac.com




Note: DMS enhancement

- Effective May 2018 - the Submit Button has been disabled
- When uploading payoff requests or other documents in DMS, you no longer have to hit the submit button under the file submission tab
- Once the documents are uploaded in DMS, an email will be automatically generated by DMS to the Freddie Mac payoff mailbox
- Refer to the *Freddie Mac Multifamily Seller/Servicer Guide 51.1 (b)* for more information

DOCUMENT MANAGEMENT SYSTEM (DMS)

- [XLS DMS Master Document List Mapping](#) 5/9/2017  
- [PDF DMS for Multifamily Loan Servicing Site Tutorial and Webinar](#) 8/25/2014 
- [PDF DMS Login Instructions](#) 8/5/2014  
- [PDF DMS Document Type Retirement List](#) 6/12/2014  
- [PDF DMS - Using the Batch Upload Feature](#) 5/7/2013  
- [PDF DMS User Manual](#) 11/1/2011   

INVESTOR REPORTING REFERENCES

- [PDF Freddie Mac Loan Accounting – Payoff Contact List](#) 1/12/2018 
- [PDF Seller/Service GPI Web Access Guide](#) 3/14/2016
- [PDF Reserve Reporting: Seller/Service User Guide](#) 4/30/2015
- [XLS Loan Payoff Notice](#) 3/24/2015 
- [PDF Bond Reporting Bulk Import Customer Education](#) 3/16/2015
- [XLS Reserves Reporting Template](#) 2/26/2015 
- [XLS Sales Data Update Template](#) 2/26/2015

- **To start the process** upload the completed Loan Payoff Notice Form into DMS along with the following documents
 - » The Borrower’s written payoff request
 - » Prepayment premium or estimated yield maintenance calculation (if applicable)
 - » Extended Payoff Option Form executed by the Borrower (if applicable)
 - The extended payoff option allows flexibility on loans that have yield maintenance payoff date changes occur
 - The extended payoff option and Authorization Form are presented to the Borrower by the Servicer
 - If the extended payoff option is elected, the Borrower executes the authorization form and returns it to the Servicer
 - Upload the executed “Extended Payoff Option” form in DMS along with the original payoff request form
 - The extended payoff option cannot be offered on post-securitized loans

Payoff Process – Pre- and Post-Securitization (Cont'd)



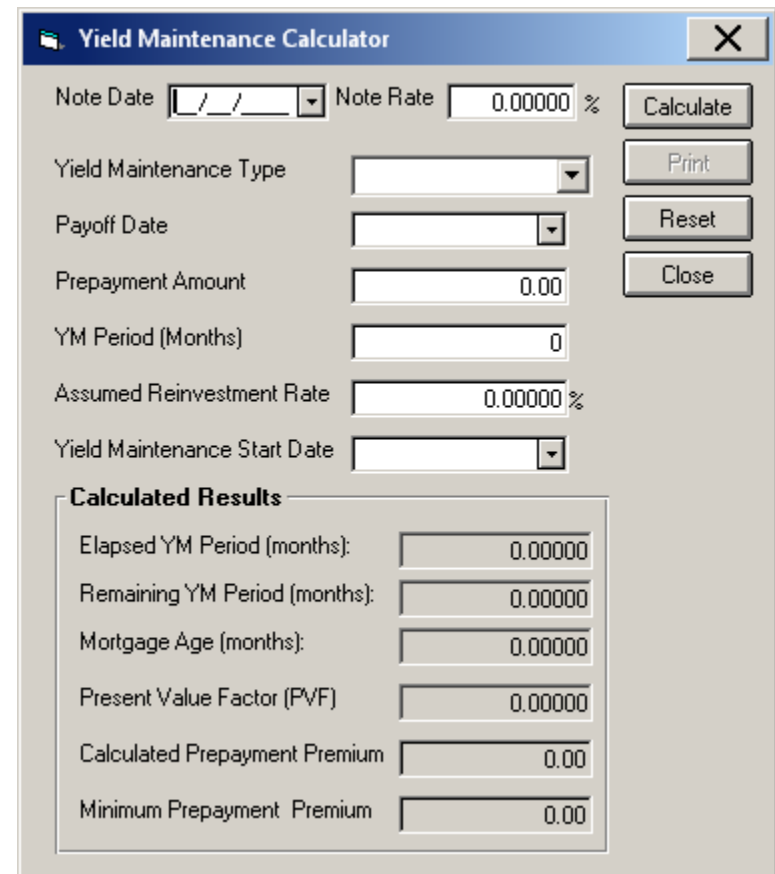
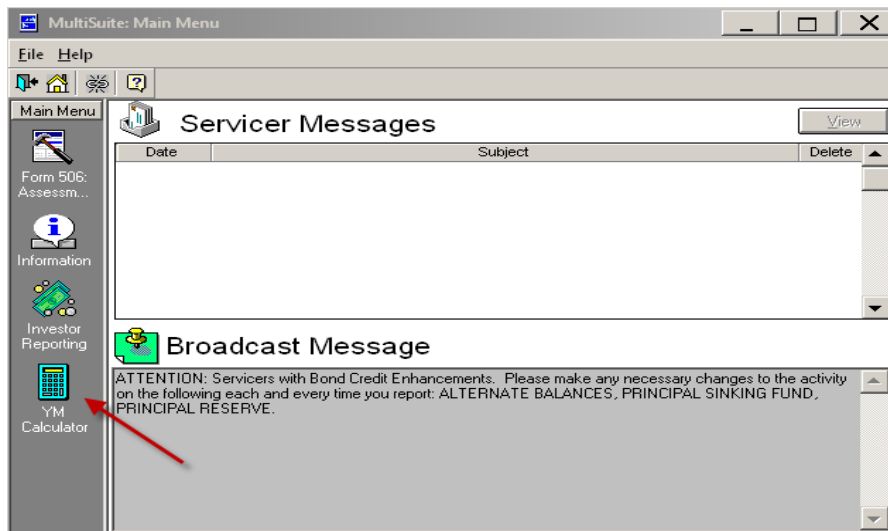
- Upon Loan Payoff Notice, Freddie Mac will confirm receipt of request
- Within five business days of receipt, a Multifamily Payoff Representative will process the payoff request for loans without yield maintenance
- The approved confirmation payoff statement is uploaded into DMS for retrieval
- An email is sent to the Servicer informing them that the approved payoff statement has been uploaded in DMS

■ Loans with Yield Maintenance

1. Within five business days prior to the payoff date, the Servicer recalculates the Yield Maintenance and uploads the final Yield Maintenance calculation into DMS
 - Note: A Yield Maintenance Calculator is available in MultiSuite for Investor Reporting
2. The Payoff Representative will review the Servicer's Yield Maintenance calculation
3. Within three business days (but in no event less than two business days) prior to the actual payoff date, Freddie Mac will upload the approved payoff statement into DMS
 - An email will be sent to the Servicer to inform them that the approved payoff statement has been uploaded in DMS

Payoff Process – Pre- and Post-Securitization (Cont'd)

- Sample of the Yield Maintenance Calculator in Multisuite for Investor Reporting



Yield Maintenance Calculator

Note Date [/ /] Note Rate 0.00000 % Calculate

Yield Maintenance Type [] Print

Payoff Date [] Reset

Prepayment Amount 0.00 Close

YM Period (Months) 0

Assumed Reinvestment Rate 0.00000 %

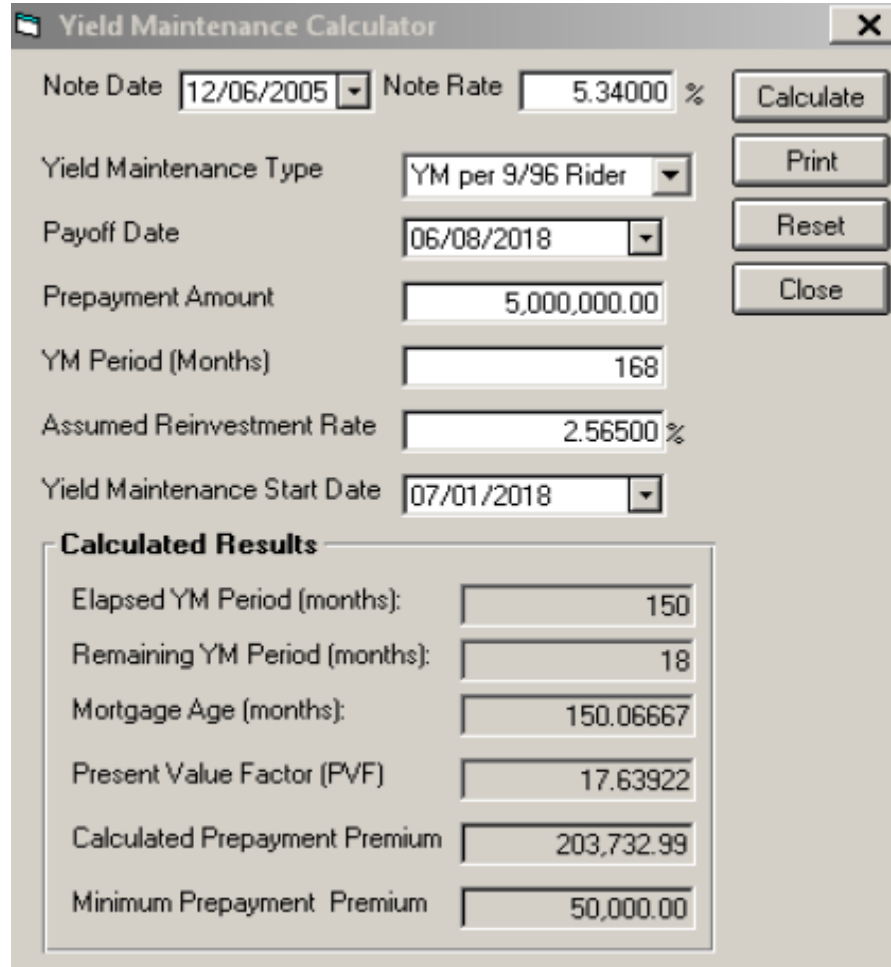
Yield Maintenance Start Date []

Calculated Results

Elapsed YM Period (months):	0.00000
Remaining YM Period (months):	0.00000
Mortgage Age (months):	0.00000
Present Value Factor (PVF)	0.00000
Calculated Prepayment Premium	0.00
Minimum Prepayment Premium	0.00

Payoff Process – Pre- and Post-Securitization (Cont'd)

- Sample of the Yield Maintenance Calculator in Multisuite for Investor Reporting



The screenshot shows a software window titled "Yield Maintenance Calculator" with a close button (X) in the top right corner. The interface contains several input fields and buttons. The input fields are: Note Date (12/06/2005), Note Rate (5.34000 %), Yield Maintenance Type (YM per 9/96 Rider), Payoff Date (06/08/2018), Prepayment Amount (5,000,000.00), YM Period (Months) (168), Assumed Reinvestment Rate (2.56500 %), and Yield Maintenance Start Date (07/01/2018). The buttons are Calculate, Print, Reset, and Close. Below the input fields is a section titled "Calculated Results" which displays the following values: Elapsed YM Period (months): 150, Remaining YM Period (months): 18, Mortgage Age (months): 150.06667, Present Value Factor (PVF): 17.63922, Calculated Prepayment Premium: 203,732.99, and Minimum Prepayment Premium: 50,000.00.

Calculated Results	
Elapsed YM Period (months):	150
Remaining YM Period (months):	18
Mortgage Age (months):	150.06667
Present Value Factor (PVF)	17.63922
Calculated Prepayment Premium	203,732.99
Minimum Prepayment Premium	50,000.00

Freddie-to-Freddie Refinances Pre-Securitization



If the Borrower has stated that the loan is being refinanced by Freddie Mac

- Indicate on the Loan Payoff Notice Form that the loan is being refinanced

Per diem interest will be collected at payoff. The per diem interest due at payoff will be calculated from the beginning of the payoff month up to but not including the payoff date

***Note - If the loan being refinanced is in a security PC, we cannot collect per diem interest at payoff. We must collect a full month of interest at payoff**

***If the loan is being paid off in connection with an acquisition, a full month of interest is due at payoff**

General Information	
Is the loan being refinanced by Freddie Mac?	_____
If "yes," please provide the Freddie Mac contact for refinance:	_____
Is the loan cross collateralized or part of a credit facility? If either answer below is "yes," please submit a transaction request.	
Are there any release requirements?	_____
Are release fees due?	_____
Is the loan securitized?	_____
Do the documents require pass through/sharing of YM/prepayment fees?	_____
If "yes," please describe:	_____

Freddie-to-Freddie Refinances Post-Securitization



- It is important to complete this section if the loan is being refinanced by Freddie Mac
 - » Indicate on the Loan Payoff Notice Form that the loan is being refinanced. If not, indicate N/A
 - » An email will be sent to the Underwriter requesting the commitment letter

General Information	
Is the loan being refinanced by Freddie Mac?	_____
If "yes," please provide the Freddie Mac contact for refinance:	_____
Is the loan cross collateralized or part of a credit facility? If either answer below is "yes," please submit a transaction request.	
Are there any release requirements?	_____
Are release fees due?	_____
Is the loan securitized?	_____
Do the documents require pass through/sharing of YM/prepayment fees?	_____
If "yes," please describe:	_____

Freddie-to-Freddie Refinances Post-Securitization (Cont'd)



- If the loan is being refinanced, per diem interest cannot be collected at payoff. A full month of interest is due at payoff
- All requests regarding yield maintenance/prepayment premium waivers must be emailed to the Payoff Team
 - » Notify the Payoff Team at least 30 days in advance of any yield maintenance/prepayment premium waiver request
 - » The Payoff Team will forward the written request to the appropriate department
 - » The waiver request will be reviewed and the Payoff Team will be notified if the waiver is approved or denied
 - » An email will be sent to the Servicer once a decision is made regarding the waiver request
 - » Allow ample time for the waiver request to be reviewed and for a decision to be made

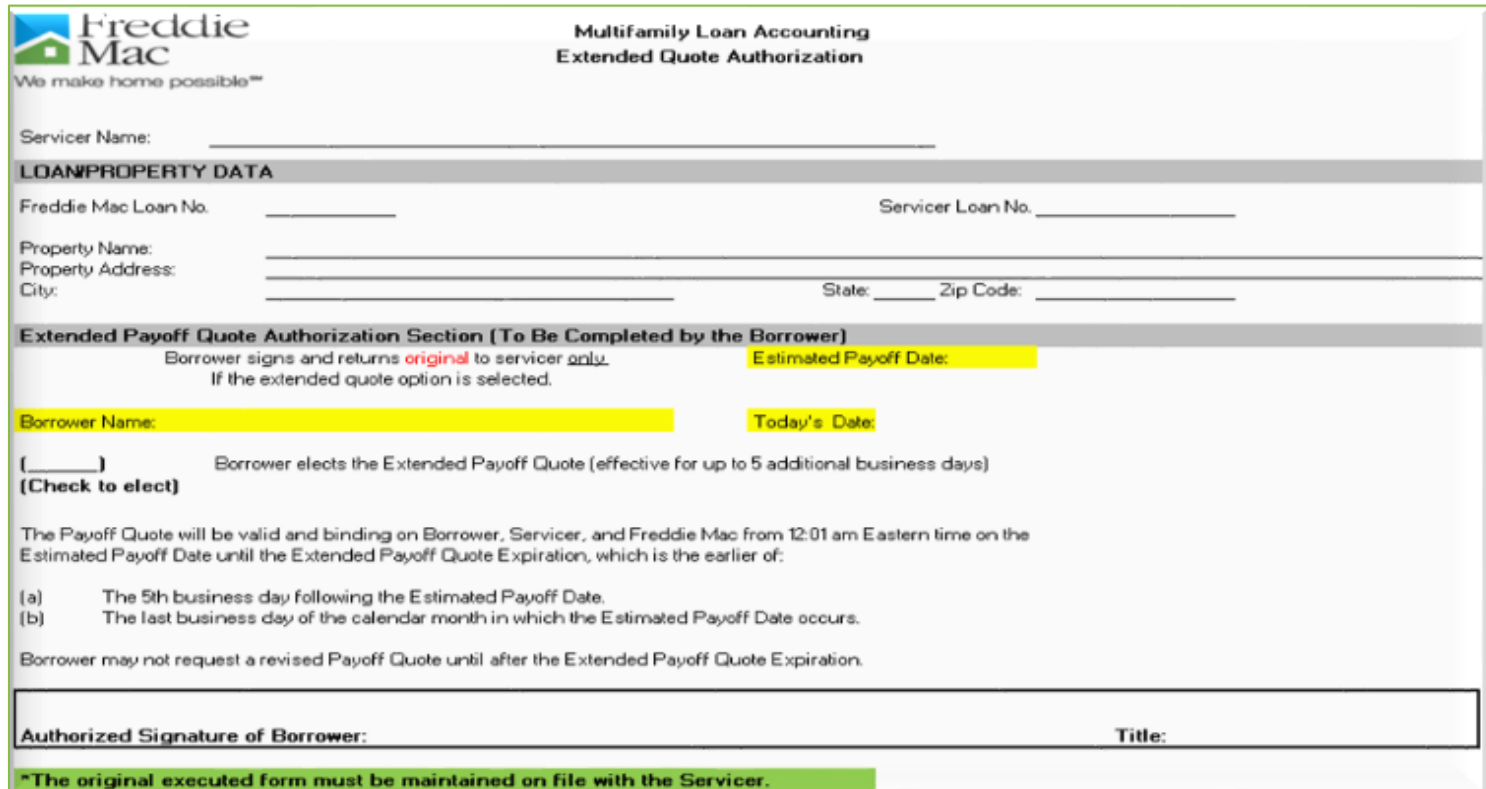
- When a payoff date is changing on a loan, the Servicer must notify the Payoff Team of the new payoff date as soon as possible
 - » Send an email to mfopsloanacctpayoffs@freddiemac.com
 - » Subject Line
 - Date Change, Loan Number
 - » Include the following in the email
 - New Payoff Date
 - Confirm UPB at payoff

If the payoff date changes on a loan that has no prepayment premium or the premium is a percentage and the new payoff date is in the same month as the previous payoff date and there are no changes to the Payoff UPB or prepayment, a revised payoff statement will not be issued. A revised payoff statement will only be issued if there is a change to the UPB at payoff or if the payoff statement was previously issued in another month.

- When a payoff date has changed on a loan that has yield maintenance due at payoff, the Servicer must send an email notifying Freddie Mac of the payoff date change and upload a revised Servicer yield maintenance calculation into DMS
 - » The revised Servicer yield maintenance calculation must include the following revised information
 - Payoff Date
 - UPB
 - ARR (Assumed Reinvestment Rate)
 - Yield maintenance due at payoff

Payoff Date Changes (Cont'd)

- If the Borrower elected the Extended Payoff Option, the Servicer must send an email to the Payoff Mailbox



Freddie Mac
We make home possible™

**Multifamily Loan Accounting
Extended Quote Authorization**

Servicer Name: _____

LOAN/PROPERTY DATA

Freddie Mac Loan No. _____ Servicer Loan No. _____

Property Name: _____
Property Address: _____
City: _____ State: _____ Zip Code: _____

Extended Payoff Quote Authorization Section (To Be Completed by the Borrower)
Borrower signs and returns **original** to servicer **only**. **Estimated Payoff Date:** _____
If the extended quote option is selected.

Borrower Name: _____ **Today's Date:** _____

Borrower elects the Extended Payoff Quote (effective for up to 5 additional business days)
(Check to elect)

The Payoff Quote will be valid and binding on Borrower, Servicer, and Freddie Mac from 12:01 am Eastern time on the Estimated Payoff Date until the Extended Payoff Quote Expiration, which is the earlier of:

(a) The 5th business day following the Estimated Payoff Date.
(b) The last business day of the calendar month in which the Estimated Payoff Date occurs.

Borrower may not request a revised Payoff Quote until after the Extended Payoff Quote Expiration.

Authorized Signature of Borrower: _____ **Title:** _____

***The original executed form must be maintained on file with the Servicer.**

The Extended Payoff Option cannot be offered on securitized loans.

- If the Borrower is paying off the loan by Assignment, indicate such on the Loan Payoff Notice Form. Provide the information where the original loan documents and executed assignment documents should be sent
 - » The original Note(s) cannot be released until the Payoff Team has received the assignment documents from the Servicer, Servicer's Counsel, or Title Company

Satisfaction

Assignment

Name of Servicer's counsel: _____

Address: _____

Contact name: _____

Contact phone: _____

Amendment and restatement of Note

Comments/Requests:

- The Payoff Team will complete the Form of Master Request for Release and email it to the custodian. The custodian will send the original loan file to the Servicer, Servicer's Counsel, or Title Company by overnight mail
 - » Additional time is needed to obtain the original file from the Custodian

Note: If the Borrower notifies the Servicer that the loan is not paying off by assignment, the original loan file should be returned back to the Custodian

- When the Servicer notifies the Payoff Team that a bond loan is scheduled to pay off, the Payoff Team will notify Freddie Mac's Legal Division
 - » The Payoff Team acts as liaison between Freddie Mac, Servicer, Legal (Internal and External), Trustee and Borrower's Counsel
 - » The Borrower's Request and other correspondence will be emailed to external counsel

- Telephone calls are coordinated to outline timelines and details related to the payoff of the Bond
 - » There are times other documentation is requested by the Trustee
 - » Freddie Mac's external or internal Legal Counsel will instruct the Payoff Team to execute the Consent document
 - » The Payoff Team prepares the draft bond payoff confirmation letter with the Credit Enhancement fees and other amounts due
 - » The draft bond payoff confirmation letter is sent to external counsel assigned to the payoff for review and approval

- External Counsel reviews the draft Bond Payoff Letter and makes changes to the letter with agreed upon time lines and details of the bond payoff
 - » The draft Bond Payoff Letter is sent back to Freddie Mac's Payoff Team and changes are made to the letter
 - » The bond payoff request is processed and the final Bond Payoff Confirmation Letter is sent to management for review and approval along with calculations related to the prepayment
 - » The final approved Bond Payoff Confirmation Letter is uploaded into DMS
 - » An email is sent to the Servicer informing them that the approved Bond Payoff Confirmation Letter has been uploaded into DMS

Bonds

Servicer notifies the Payoff Team that a bond loan is scheduled to payoff and uploads the completed Payoff Notice Form in DMS

Payoff Team contacts FM Legal Division and request that external counsel be assigned

FM Legal Division contacts external counsel that closed the bond loan and informs them of the bond payoff

External Counsel prepares the draft Consent document and sends it to FM Payoff Team to be executed

Bond conference calls are coordinated by the Servicer or external counsel to outline timelines and details of the bond payoff

FM Payoff Team provides the Servicer with the contact information for external counsel handling the bond payoff

FM Payoff Team prepares the draft bond payoff confirmation letter and sends the payoff letter to external counsel for review

External Counsel reviews the bond payoff letter and makes updates and changes if necessary. After all updates are made, the bond payoff letter is emailed back to FM Payoff Team

FM Payoff Team processes the payoff request and submits for approval

An email is sent to the Servicer informing them that the approved bond payoff confirmation letter has been uploaded in DMS

- Report the payoff via MultiSuite® for Investor Reporting (MSIR) and verify if the payoff transmission was accepted by Freddie Mac
 - » Payoff Reporting is generally due within 2 business days of the payoff date. Refer to Servicing Agreement or the *Guide* for exceptions to this requirement
- If the payoff transmission was not accepted, then click the Summary button in the Packaging Screen to review the reason the payoff reporting is rejected
- Reporting payoff dates may vary
- Confirm acceptance of payoff
- Servicer must report payoff by the last Business Day of the month in which the payoff occurred. Refer to section 50(d) of the *Guide* 50.10(d)

Reporting a Payoff Example – Pre-Securitization

Search

Loan Activity

Express

Packaging

Delinquency

Import

Exception Code 61 Payment in Full ▼

Actual/Actual	Actual
Beginning UPB	16,467,008.74
Principal	0.00
Net Yield Interest	0.00
Late Fee	0.00
Default Interest	0.00
Interest on Arrears	0.00
Negative Amortization	0.00
Capitalized Items	0.00
NonCash Princ	0.00
Additional Principal	16,467,008.74
Exception Interest	32,374.58
Prepayment Premium	0.00
Ending UPB	0.00

Remittance Amount 16,499,383.32

Suspense Balance 0.00

EOC DDLPI 12/01/2013 ▼

Transaction
 Date (Actual) 12/27/2013 ▼
 Number 1 of 1

Replacement Reserves
 Disbursements 0.00
 Balance 0.00

Negative Amortization
 Decrease 0.00
 Balance 0.00

Reporting a Payoff Example – Bond Loan – Pre-Securitization

- Search
- Loan Activity
- Express
- Packaging
- Delinquency
- Import

Exception Code: **51 Bond and Loan Payoff** Trans Date: **05/15/2017** 1 of 1

Bond			
	Loan	Trustee	Freddie Mac
Beginning UPB	20,600,000.00		
Principal	0.00	0.00	0.00
Prin Reserve Deposit	37,800.98	37,800.98	0.00
Prin Sinking Receipt	0.00	0.00	0.00
Prin Sinking Applied	0.00	0.00	0.00
Bond Interest	21,768.27	0.00	21,768.27
Early Interest Receipt	0.00	0.00	0.00
Early Interest Applied	0.00	0.00	0.00
Total C.E. Fee	20,023.45		20,023.45
Other Bond Fees	9,854.23	4,617.92	0.00
Late Fee	0.00		0.00
Default Interest	0.00		0.00
Interest on Arrears	0.00		0.00
Additional Principal	20,600,000.00	0.00	20,600,000.00
Prepayment Premium	824,174.91	0.00	824,174.91
Ending UPB	0.00		
Remittance Amount		42,418.90	21,465,966.63

Dates

EOC DDLPI: 05/01/2017

LC Expire: []

Replacement Reserves

Disbursements: 169,851.21

Balance: 0.00

Principal Reserves

Deposit: 37,800.98

Disbursements: 2,806,505.34

Balance: 0.00

Other Balances

Suspense: 0.00

Prin Sinking: 0.00

Early Interest: 0.00

MSIR Packaging Screen – Pre-Securitization

Existing Loans

Tag	Svcr Loan Number	FM Loan Number	Rptg Due Date	Latest Date Sent	LLR Status	Exc Code	F

New Loans this Cycle

Tag	Svcr Loan Number	FM Loan Number	Rptg Rqrd	Rptg Due Date	Latest Date Sent	LLR Status	F

Investor Reporting - Packaging Errors

The following errors occurred during the packaging of 02/2014 cycle data. Packaging occurred on 1/30/2014 5:39:40 PM

FM Loan No	Svcr Loan No	Svcr	Trans	Error Description	Error Type
				Payoff reported does not match Freddie Mac's expected additional principal amount. Please contact the Freddie Mac Portfolio Services Department.	Rejection Error

MultiSuite - Investor Reporting: Packaging

File Edit Go Tasks Reports Help

Invest Rptg

Search

Existing Loans


Tag	Svcr Loan Number	FM Loan Number	Rptg Due Date	Latest Date Sent	LLR Status	Exc Code	F
			1/30/2014	1/30/2014	Rejected	61 3900-	

- Remit amount due via GPI (Global Payments Inc.) by call-in before 8 p.m. ET on the business day preceding the remittance due date
- Payoff funds are generally due within 5 business days of the payoff date
 - » Refer to Servicing Agreements or the *Guide* for exceptions to this requirement
- If there are additional questions regarding payoff reporting, contact the Loan Accounting Representative

- There is a new document type for submitting Release documents in DMS - titled “Payoff - Unexecuted Releases, Satisfactions and Reconveyances”
- Instead of sending emails to the Payoff Mailbox, you should upload the Satisfaction/Release document into DMS
- This enhancement allows us to serve you more quickly by reducing processing time on our end

- When a loan pays off and the Loan Accounting Senior has resolved all outstanding issues, Freddie Mac sends the paid and cancelled Note to the Servicer
- The Servicer should prepare the satisfaction/release for the loan(s) and upload the release document in DMS

Coversheets included

Document Type  alphabetic stacking order

Title

Comments

Sec Doc

Document Description

Viewed


File

[Upload](#) | [Remove](#)

- If you do not have access to DMS, please email the release document to the Payoff mailbox
 - » The satisfaction/release should be emailed to mfopsloanacctpayoffs@freddiemac.com
- Freddie Mac does not prepare or execute UCC Terminations
 - » Once the satisfaction/release is received, Freddie Mac will review and print the document, execute and notarize, and return the document back to the Servicer via overnight mail

- When a securitized loan pays off and Freddie Mac is the Master Servicer, the Servicer should prepare the satisfaction/release for the paid off loan(s) and upload the release document in DMS
- If you do not have access to DMS, the release document should be emailed to the Payoff mailbox
 - » The satisfaction/release should be emailed to mfopsloanacctpayoffs@freddiemac.com
 - » Once the satisfaction/release is received, Freddie Mac will review and print the document, execute and notarize, and return the document back to the Servicer via overnight mail

Coversheets included

Document Type  alphabetic stacking order

Title

Comments

Sec Doc

Document Description

Viewed

File

[Upload](#) | [Remove](#)

Satisfaction/Releases – Post-Securitization (Cont'd)



- Freddie Mac completes the Form of Master Servicer Request for Release and emails it to the Custodian requesting the original loan file
- Freddie Mac can only execute the release documents once we can confirm that the securitized loan has actually paid off
- Freddie Mac must be listed as Master Servicer on the release document

Loan Accounting Contacts



Name	Title	Email	Phone Number
Sherry Standard	Loan Accounting Manager	sherry_stanard@freddiemac.com	703-714-2863
Felicia Hicks	Loan Servicing Team Lead	felicia_hicks@freddiemac.com	703-714-2897
Winston Burrows	Loan Servicing Senior	winston_burrows@freddiemac.com	703-714-2913
Jamie Moore	Loan Servicing Senior	jamie_moore@freddiemac.com	703-714-3045
Christine Minor	Loan Servicing Professional	christine_m_minor@freddiemac.com	703-714-3852