



**WILARY WINN**

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University 2026**



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## **Mortgage Servicing Rights Valuations: Assumptions, Recapture, & Accounting**

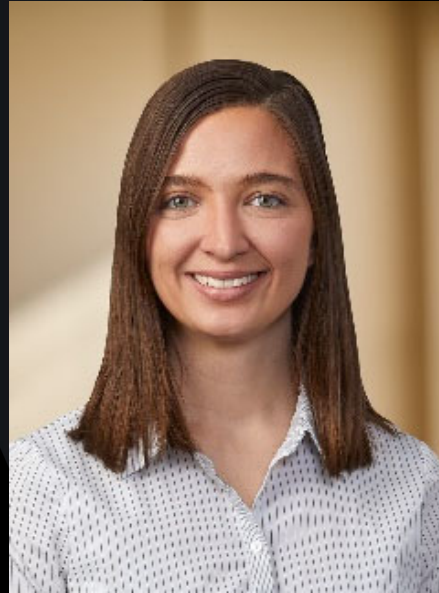
## THIS SESSIONS SPEAKERS



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## Resources

[Accounting & Regulatory Reporting for Mortgage Servicing Rights](#)

[Mortgage Servicing Rights Valuation - Input Assumption & Shocks](#)

[Call Report References for Loans Sold with Servicing Retained](#)

[Accounting & Regulatory Guidance for the MPF<sup>®</sup> Program](#)

[MPF SSFA Calculator](#)

[Resources | Wilary Winn](#)

## Objectives

- Understand primary MSR model inputs and their impact on valuation results.
- Assess the relative effect each key assumption has on the overall value by comparing sensitivity results to changes in each assumption.
- Discuss recapture and considerations in MSR modeling
- Review the accounting and regulatory requirements for reporting servicing rights.

## Interagency Advisory on MSRs

- Requiring comprehensive documentation of valuation process
- Valuation must be based on reasonable and supportable market assumptions and major changes to assumptions must be approved
- Compare assumptions to actual results - back testing
- Use appropriate amortization and recognize impairment timely

## Valuation Inputs

- Loan amount
  - Base on which servicing fees are earned
  - Larger balance -> higher servicing right valuation
  - Balances decline -> lower servicing right valuation
- Servicing fee
  - Contractual
  - Expressed in basis points
  - Convention
    - Fixed 25bps
    - Arm 37.5bps
  - GNMA
    - I: 44 bps
    - II: 19 – 56.5 bps

## Valuation Inputs

- Ancillary Income
  - Additional revenue source
  - Late fees, insurance income, cross-selling
- Float Income on P&I payments and escrow payments
  - Income earned holding payments between collection and disbursement
  - Freddie Mac scheduled / actual
  - Fannie Mae actual / actual
  - Interest on escrow
    - 2% in California

## Valuation Inputs

- Costs to service – market costs
  - Reduce servicing cash flows
  - Fixed dollar
    - Servicing \$300k loan = servicing \$100k loan
  - Market assumptions vs internal costs
- Delinquency rate and foreclosure losses – recourse versus non-recourse
  - Current delinquency rates quite low
  - FHA loan losses
    - Advance funds at note rate but receive reimbursement at debenture rate
  - FHLB programs with limited recourse

## Valuation Inputs

- Expected loan life – prepayment and loan term
  - Most critical input
  - Faster prepayments reduce expected life
  - Slower prepayments extend cash flow stream
  - Driven by refinance incentive
    - Relationship between loan rate and market rates
- Discount rate
  - Namesake of the valuation methodology
  - Convert future cash flows to present value
  - Build-up methodology
    - Market pricing is limited or privately negotiated

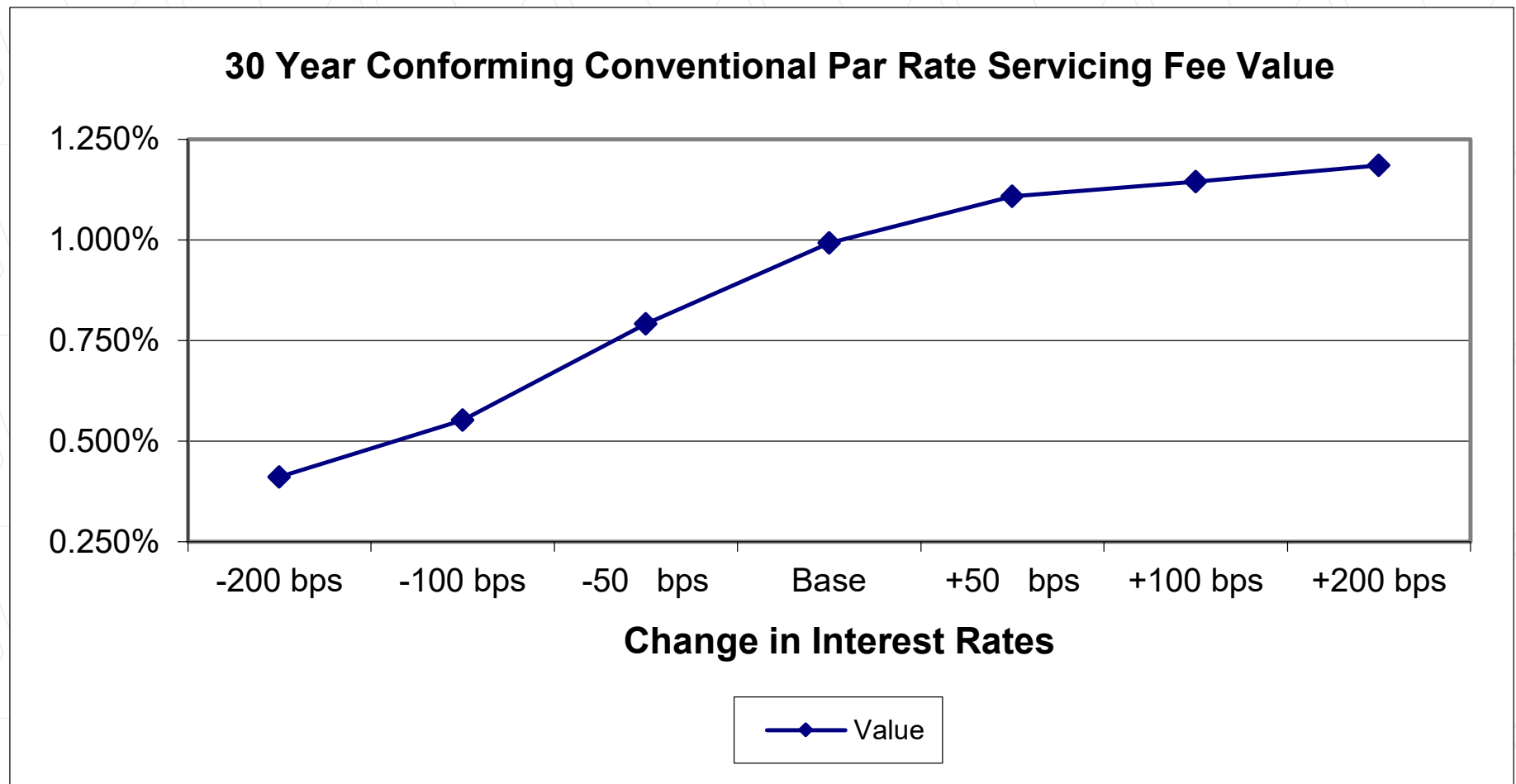
## Range of Valuation Inputs

<b>Discount Rates</b>	<b>Low</b>	<b>High</b>	<b>Mean</b>	<b>Median</b>
FNMA / FHLMC - Fixed	2.76%	9.76%	8.66%	8.91%
FNMA / FHLMC - ARM	2.32%	16.14%	10.16%	10.56%
GNMA - Fixed	2.21%	13.82%	10.38%	10.57%
GNMA - ARM	-2.81%	20.83%	11.57%	12.00%

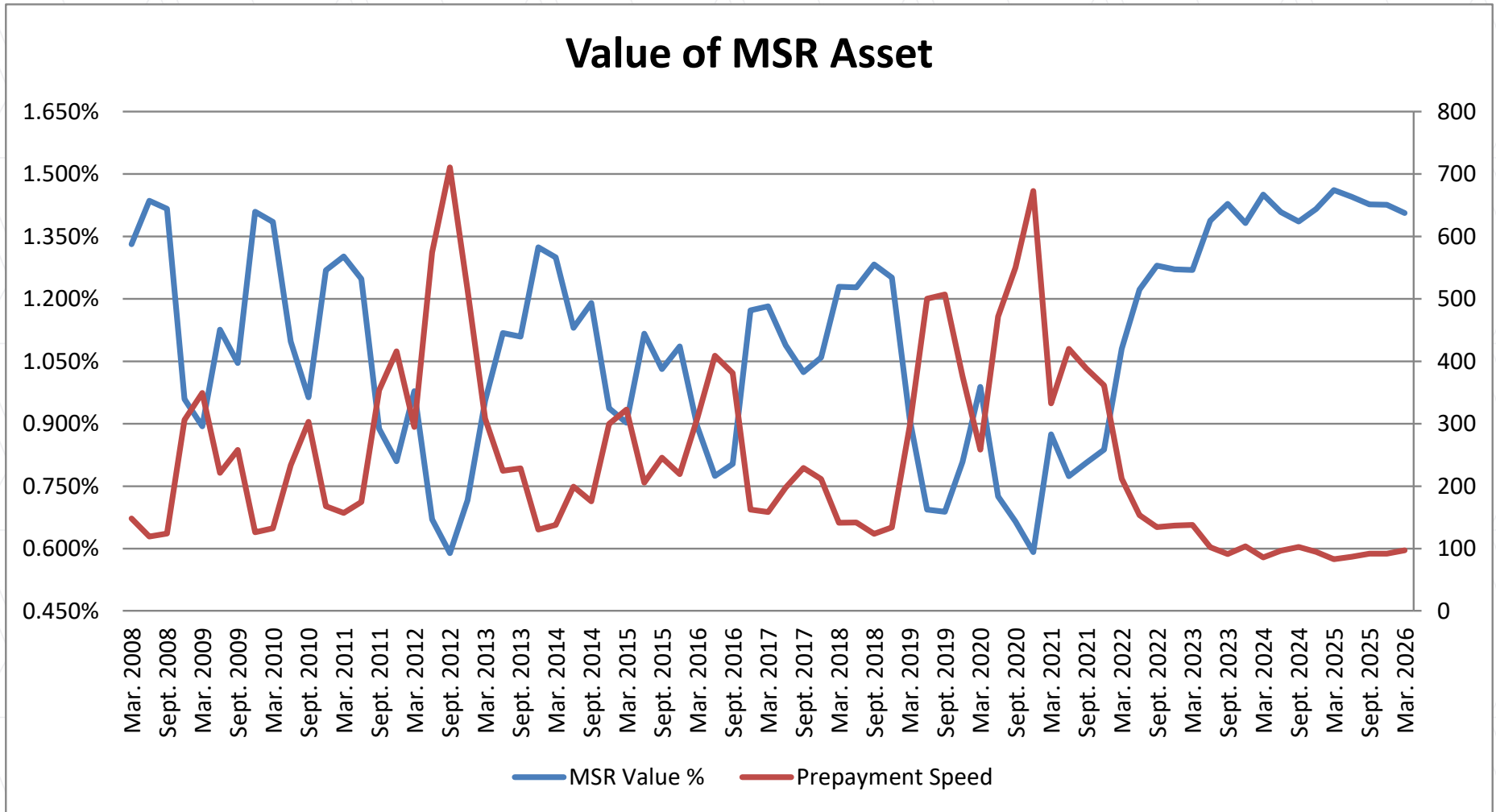
<b>Servicing Costs</b>	<b>Low</b>	<b>High</b>	<b>Mean</b>	<b>Median</b>
FNMA / FHLMC - Fixed	\$34.41	\$125.40	\$70.05	\$69.60
FNMA / FHLMC - ARM	\$36.93	\$125.40	\$73.15	\$74.05
GNMA - Fixed	\$38.84	\$125.40	\$83.46	\$80.90
GNMA - ARM	\$39.04	\$125.40	\$84.28	\$88.33

<b>Ancillary Income</b>	<b>Low</b>	<b>High</b>	<b>Mean</b>	<b>Median</b>
FNMA / FHLMC - Fixed	\$10.08	\$43.53	\$22.19	\$23.42
FNMA / FHLMC - ARM	\$5.55	\$43.53	\$24.47	\$25.15
GNMA - Fixed	\$9.82	\$73.42	\$35.32	\$35.25
GNMA - ARM	\$22.30	\$73.31	\$40.06	\$35.52

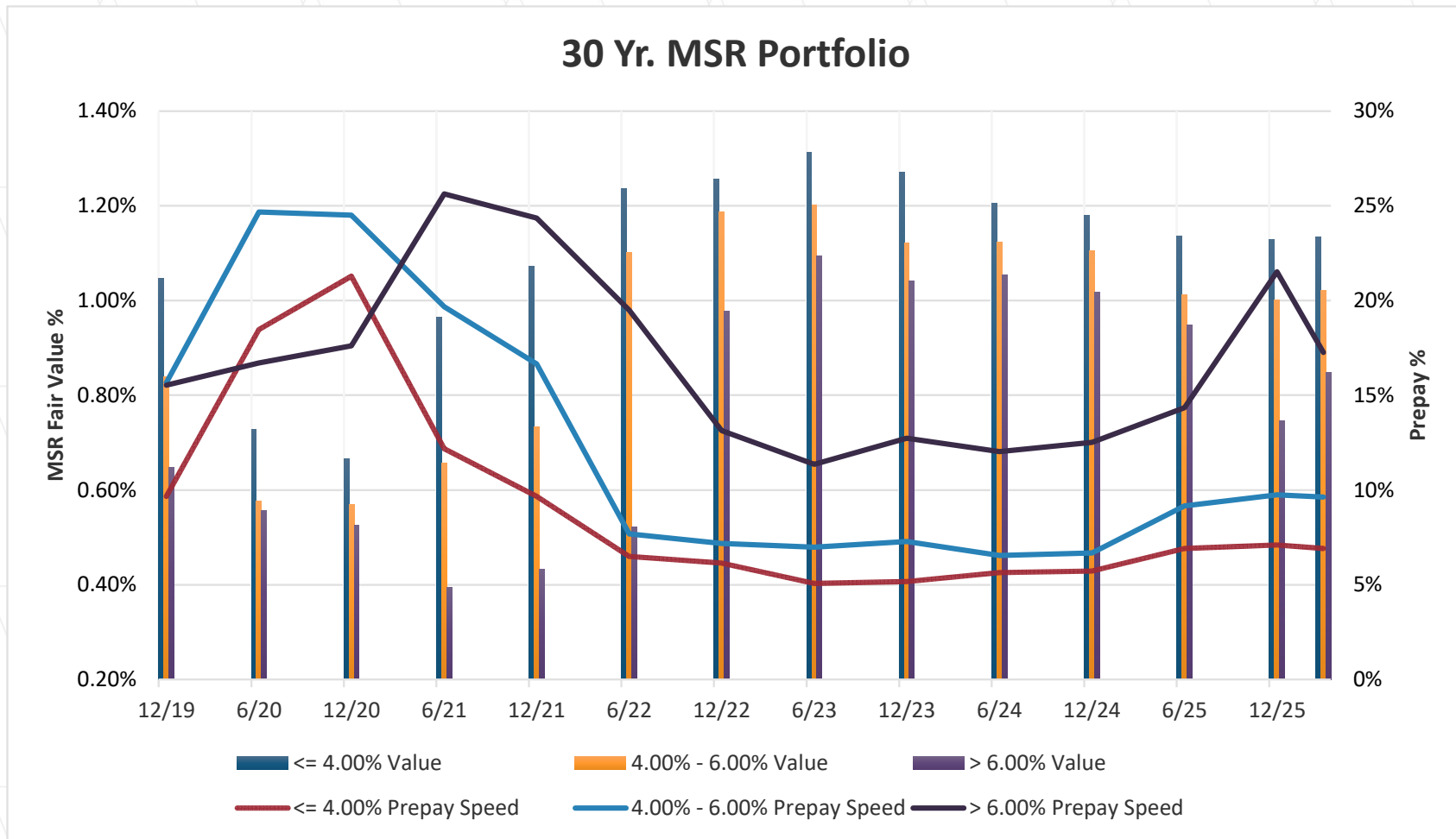
## MSR Yield Curve and Convexity



## MSR Values and Prepayment Input



## Prepayment Impact on MSR Values



## Input Sensitivity

	<u>Value</u>	<u>CPR %</u>	<u>Change</u>	<u>% Change</u>
Base (6.125% Int. Rate)	1.186%	11.079%		
Prepayments increase 20%	1.091%	13.295%	-0.094%	-7.953%
Prepayments -50 bps Shock	0.848%	19.111%	-0.338%	-28.478%
Prepayments -100 bps Shock	0.576%	29.257%	-0.610%	-51.433%

## Input Sensitivity

	<u>Value</u>	<u>CPR %</u>	<u>Change</u>	<u>% Change</u>
Base (4.000% Int. Rate)	1.516%	4.897%		
Prepayments increase 20%	1.446%	5.821%	-0.070%	-4.617%
Prepayments -50 bps Shock	1.500%	5.353%	-0.016%	-1.055%
Prepayments -100 bps Shock	1.489%	5.732%	-0.027%	-1.781%

## Input Sensitivity

	<u>Value</u>	<u>Change</u>	<u>% Change</u>
Base	1.186%		
Discount rate increases 20%	1.102%	-0.084%	-7.062%

- Base Scenario is using a 9.500% discount rate
- Shock scenario is using a 11.400% discount rate

## Input Sensitivity

	<u>Value</u>	<u>Change</u>	<u>% Change</u>
Base	1.186%		
Loan size decrease 20%	1.166%	-0.019%	-1.628%
Ancillary income decrease 20%	1.178%	-0.008%	-0.670%
Servicing costs increase 20%	1.163%	-0.022%	-1.893%
Foreclosure Rate increase 2x	1.176%	-0.009%	-0.785%

## Recapture

- What is it? Major servicers have recently identified an added intangible benefit from **the ability to refinance borrowers of the loans they service**, which is called “recapture”
- August 2025 – PennyMac Financial Services, Inc. requested clarification from the Emerging Issues Task Force (“EITF”) to clarify the unit of account for MSR as it relates to “recapture”.
- MSR transaction prices include value for recapture estimates.
- GAAP emphasizes that fair value measurement is market-based rather than entity-specific.

## Recapture

- ASC 860-50-35-17 states that an “entity shall not consider the estimated future net servicing income from the new mortgage loan in determining how to amortize any capitalized cost... **the mortgage servicing asset represents a contractual relationship between the servicer and the investor** in the mortgage loan, not between the servicer and the borrower.”
- Inconsistencies in financial reporting: Acquiring an MSR at market value which includes value for recapture then subsequently excluding it when determining ongoing fair value measurements of the MSR
- Recapture recognized as a separate unit of account

## Recapture

- March 2026 – the EITF reviewed recapture in MSR accounting and ultimately recommended FASB add a project to clarify guidance.

The EITF votes are in!

- MSRs and recapture should be treated as a single unit of account (9 – 1)
- Recapture should not be explicitly defined (10–0)
- The proposed guidance should only apply to residential MSRs (10–0)

## Recapture

EITF votes continued:

- Existing amortization guidance for MSR's should remain unchanged (10-0)
- No additional disclosures beyond current GAAP requirements should be required (10-0)
- The proposed changes should apply to all entities (10-0)

## Recapture

### Modeling considerations

- A refinance does two things simultaneously
  - Ends the original servicing cash flow early (prepayment)
  - Creates a new servicing asset (from a new balance and expected life)
    - This new loan sale includes an additional gain
- Include recapture as an implicit valuation input
  - Adjusting prepayment speeds
  - Adjusting discount rates

## Recapture

- Including recapture as an explicit valuation adjustment
  - Prepayment \$ volumes (based on assumed prepayment rates %)
  - Recapture rate % (originated vs. acquired)
  - Premium % on the sale + new loan servicing value %



# Mortgage Servicing Rights

MBA Forecasts: Released April 20, 2026

MBA Mortgage Finance & Economic Forecasts												
	2026				2027							
	2025	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2026	2027	2028
<i>Percent</i>												
Unemployment Rate	4.3	4.4	4.5	4.7	4.7	4.6	4.6	4.5	4.5	4.6	4.6	4.4
Federal Funds Rate	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.625	3.875
10-Year Treasury Yield	4.1	4.2	4.3	4.3	4.2	4.3	4.3	4.4	4.4	4.2	4.4	4.6
30-Year Fixed Rate Mortgage (%)	6.2	6.1	6.3	6.3	6.2	6.2	6.2	6.3	6.3	6.2	6.3	6.5
<i>Housing Measures</i>												
Housing Starts (SAAR, Thous)	1,357	1,394	1,334	1,327	1,320	1,314	1,321	1,313	1,309	1,344	1,314	1,307
FHFA US House Price Index (YOY % Change)	1.8	0.9	0.7	0.6	0.6	0.3	0.3	0.4	0.5	0.6	0.5	1.1
<i>Mortgage Originations</i>												
Total 1- to 4-Family (Bil \$)	2,050	551	566	556	514	525	574	581	519	2,187	2,199	2,213
Purchase	1,356	332	359	383	344	349	402	407	348	1,418	1,506	1,541
Refinance	694	219	207	172	171	176	172	174	171	769	693	672
Refinance Share (%)	34	40	37	31	33	34	30	30	33	35	32	30
Total 1- to 4-Family (000s loans)	5,457	1,462	1,493	1,453	1,346	1,374	1,495	1,510	1,355	5,755	5,733	5,725
Purchase	3,446	834	901	960	859	872	1,004	1,014	868	3,554	3,758	3,822
Refinance	2,011	628	593	493	487	502	490	496	486	2,201	1,975	1,903
Refinance Share (%)	37	43	40	34	36	37	33	33	36	38	34	33

# MSR Accounting



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## MSR Accounting

- Record the initial capitalization of the MSR asset at fair value to gain (loss) on sale of loans
  - For loans sold in years prior to when the asset is initially reported, the entry may require a prior period adjustment to equity whereas the fair value for current year loans would be reported to income
- As cash is received each month, record the offset to service fee income
- Two acceptable accounting methods under GAAP:
  - Fair Value
  - Amortization (LOCOM)

## MSR Accounting – Fair Value Method

- The fair value is determined at each reporting period
- The asset is adjusted to equal its fair value
- The difference is taken into earnings (service fee income) for that reporting period
- Institutions that hedge their servicing rights portfolios can benefit from the fair value method because the accounting is less complex than under FAS ASC Topic 815 – Derivatives and Hedging. Institutions that do not hedge their portfolios and that elect the fair value method could experience earnings volatility.
- This is an irrevocable election

## MSR Accounting – Amortization Method

- Amortize the asset in proportion to and over the period of estimated net servicing income (level yield method)
- Assess the assets for impairment based on fair value at each reporting date
- We advise clients to record amortization expense as an offset to service fee income.
  - As the actual cash received is recorded to service fee income, the net between the cash received and amortization expense is the yield.

## Impairment Considerations

- Impairment is best measured at the loan level and is reported at the predominant risk characteristic stratum
- There is a difference between temporary impairment, which is accounted for through an allowance and permanent impairment, which requires a direct write-off
- Create a separate contra account for impairment as needed
  - Often reflected as an expense to service fee income.



# Mortgage Servicing Rights

## MSR Impairment

### ABC Bank - \$84.2 MM Servicing Portfolio Valuation as of March 31, 2026

		Principal Balance	# of Loans	Avg. Loan Size	WAC	WAM	Age	Avg Life	Service Fee	T&I Total	Prepayment PSA	Lifetime CRR%	Servicing Multiple	MSR			CE Income			
														Fair Value %	Fair Value \$	Book Value \$	Fair Value - Book Value	Bal. Sheet Impact	Fair Value %	Fair Value \$
40, 30, & 25 year	less than 4.875%	37,797,168	371	101,879	3.348%	287	74	7.84	0.250%	136,211	114	6.868%	4.4	1.109%	419,178	238,058	181,120	-	0.240%	90,588
	4.875% - 6.875%	22,300,907	216	103,245	6.277%	337	23	5.75	0.250%	79,570	255	13.928%	3.5	0.877%	195,565	171,058	24,507	-	0.265%	59,076
	greater than 6.875%	3,588,906	20	179,445	7.127%	343	17	3.51	0.250%	8,476	436	23.678%	2.6	0.654%	23,466	18,958	4,508	-	0.183%	6,563
	Total 40, 30, & 25 year	63,686,981	607	104,921	4.586%	308	53	6.86	0.250%	224,257	182	10.288%	4.0	1.002%	638,209	428,074	210,135	-	0.245%	156,228
20 year	less than 4.750%	6,337,055	79	80,216	3.124%	161	79	5.29	0.250%	23,210	110	6.595%	3.3	0.815%	51,673	24,648	27,026	-	0.161%	10,189
	4.750% - 6.750%	466,731	11	42,430	5.708%	186	54	4.85	0.250%	2,120	193	11.401%	2.3	0.582%	2,715	1,931	784	-	0.267%	1,244
	greater than 6.750%	62,355	2	31,177	6.875%	211	29	4.19	0.250%	273	292	17.371%	0.6	0.149%	93	85	8	-	0.229%	143
	Total 20 year	6,866,141	92	74,632	3.334%	163	77	5.25	0.250%	25,603	117	7.019%	3.2	0.793%	54,482	26,664	27,818	-	0.169%	11,576
15 year	less than 4.500%	10,110,241	233	43,392	2.692%	102	78	3.20	0.250%	56,932	188	11.300%	2.0	0.501%	50,631	18,535	32,096	-	0.090%	9,129
	4.500% - 6.500%	2,582,537	21	122,978	6.043%	166	14	4.24	0.250%	4,880	260	13.501%	2.7	0.679%	17,543	14,896	2,647	-	0.273%	7,059
	greater than 6.500%	231,350	2	115,675	6.750%	153	27	4.36	0.250%	943	205	12.266%	3.1	0.776%	1,796	2,042	(246)	(246)	0.269%	622
	Total 15 year	12,924,128	256	50,485	3.435%	116	64	3.42	0.250%	62,756	203	11.757%	2.2	0.541%	69,970	35,473	34,497	(246)	0.130%	16,810
10 year	less than 4.250%	693,392	14	49,528	2.518%	61	59	2.20	0.250%	2,853	140	8.387%	1.3	0.326%	2,263	655	1,608	-	0.015%	105
	4.250% - 6.250%	8,463	1	8,463	4.500%	30	90	1.11	0.250%	-	277	16.631%	-3.9	-0.977%	(83)	-	(83)	(83)	0.000%	-
	greater than 6.250%	22,576	1	22,576	7.000%	110	10	2.94	0.250%	-	373	18.740%	-1.1	-0.265%	(60)	215	(274)	(274)	0.000%	-
	Total 10 year	724,431	16	45,277	2.681%	62	58	2.21	0.250%	2,853	149	8.806%	1.2	0.293%	2,120	870	1,251	(357)	0.015%	105
Grand Total		84,201,682	971	86,716	4.291%	264	56	6.17	0.250%	315,469	180	10.234%	3.6	0.908%	764,781	491,080	273,701	(603)	0.219%	184,718

Existing Impairment Reserve (127)

(Additional) / Excess Impairment (476)

## Managing Runoff Risk

- The operational / macro hedge
- Hedge with positive convexity instruments
- Utilize appropriate amortization methodology
- Consider recapture strategies and initiatives



# Mortgage Servicing Rights

## Basis Rollforward Example

Account Number	Product Category	Sold Date (end of month)	MSR Original Basis	Loan Rate Code	Amortization					Basis				
					4/30/2026	5/31/2026	6/30/2026	7/31/2026	...	3/31/2026	4/30/2026	5/31/2026	6/30/2026	7/31/2026
less than 4.875%	30 & 25 Yr.	3/31/2026	238,058.17	30 & 25 yr-A	2,439.78	2,439.78	2,439.78	2,439.78	...	238,058.17	235,618.39	233,178.62	230,738.84	228,299.06
4.875% - 6.875%	30 & 25 Yr.	3/31/2026	171,057.74	30 & 25 yr-B	2,422.75	2,422.75	2,422.75	2,422.75	...	171,057.74	168,634.98	166,212.23	163,789.47	161,366.72
greater than 6.875%	30 & 25 Yr.	3/31/2026	18,958.11	30 & 25 yr-C	451.38	451.38	451.38	451.38	...	18,958.11	18,506.72	18,055.34	17,603.96	17,152.57
less than 4.750%	20 Yr.	3/31/2026	24,647.57	20 yr-A	390.25	390.25	390.25	390.25	...	24,647.57	24,257.32	23,867.06	23,476.81	23,086.56
4.750% - 6.750%	20 Yr.	3/31/2026	1,931.43	20 yr-B	35.77	35.77	35.77	35.77	...	1,931.43	1,895.67	1,859.90	1,824.13	1,788.36
greater than 6.750%	20 Yr.	3/31/2026	84.96	20 yr-C	2.83	2.83	2.83	2.83	...	84.96	82.13	79.30	76.46	73.63
less than 4.500%	15 Yr.	3/31/2026	18,534.52	15 yr-A	280.83	280.83	280.83	280.83	...	18,534.52	18,253.69	17,972.87	17,692.04	17,411.22
4.500% - 6.500%	15 Yr.	3/31/2026	14,896.47	15 yr-B	275.86	275.86	275.86	275.86	...	14,896.47	14,620.61	14,344.75	14,068.89	13,793.03
greater than 6.500%	15 Yr.	3/31/2026	2,041.53	15 yr-C	56.71	56.71	56.71	56.71	...	2,041.53	1,984.82	1,928.11	1,871.40	1,814.69
less than 4.250%	10 Yr.	3/31/2026	655.24	10 Yr-A	12.13	12.13	12.13	12.13	...	655.24	643.11	630.98	618.84	606.71
4.250% - 6.250%	10 Yr.	3/31/2026	-	10 Yr-B	-	-	-	-	...	-	-	-	-	-
greater than 6.250%	10 Yr.	3/31/2026	214.60	10 Yr-C	7.15	7.15	7.15	7.15	...	214.60	207.45	200.29	193.14	185.99
ARM		3/31/2026	-	ARM	-	-	-	-	...	-	-	-	-	-
Aggregate Loans Sold Prior to 3/31/26			491,080.34		6,375.45	6,375.45	6,375.45	6,375.45	...	491,080.34	484,704.89	478,329.44	471,953.99	465,578.54



# Mortgage Servicing Rights

## Basis Rollforward Example

30 Yr. Level Yield < 4.875% Interest rate			30 Yr. SYD < 4.875% Interest rate			30 Yr. Level Yield 4.875% - 6.875% Interest rate			30 Yr. SYD 4.875% - 6.875% Interest rate			30 Yr. Level Yield > 6.875% Interest rate			30 Yr. SYD > 6.875% Interest rate		
Yr. 1	89,806.94	12.1%	Yr. 1	15.25	12.3%	Yr. 1	52,607.43	16.9%	Yr. 1	10.75	17.0%	Yr. 1	8,376.38	26.1%	Yr. 1	6	28.6%
Yr. 2	79,608.91	10.7%	Yr. 2	14.25	11.5%	Yr. 2	45,005.44	14.5%	Yr. 2	9.75	15.4%	Yr. 2	6,464.47	20.1%	Yr. 2	5	23.8%
Yr. 3	71,084.36	9.6%	Yr. 3	13.25	10.7%	Yr. 3	37,456.41	12.1%	Yr. 3	8.75	13.8%	Yr. 3	4,750.25	14.8%	Yr. 3	4	19.0%
Yr. 4	63,526.77	8.6%	Yr. 4	12.25	9.9%	Yr. 4	30,907.57	9.9%	Yr. 4	7.75	12.3%	Yr. 4	3,441.44	10.7%	Yr. 4	3	14.3%
Yr. 5	56,846.25	7.7%	Yr. 5	11.25	9.1%	Yr. 5	25,575.72	8.2%	Yr. 5	6.75	10.7%	Yr. 5	2,498.69	7.8%	Yr. 5	2	9.5%
Yr. 6	50,902.15	6.9%	Yr. 6	10.25	8.3%	Yr. 6	21,197.32	6.8%	Yr. 6	5.75	9.1%	Yr. 6	1,816.52	5.7%	Yr. 6	1	4.8%
Yr. 7	45,453.09	6.1%	Yr. 7	9.25	7.5%	Yr. 7	17,590.19	5.7%	Yr. 7	4.75	7.5%	Yr. 7	1,321.31	4.1%	Yr. 7	0	0.0%
Yr. 17	11,757.63	1.6%	Yr. 17	0	0.0%	Yr. 17	2,576.51	0.8%	Yr. 17	0	0.0%	Yr. 17	51.66	0.2%	Yr. 17	0	0.0%
Yr. 18	9,886.41	1.3%	Yr. 18	0	0.0%	Yr. 18	2,065.30	0.7%	Yr. 18	0	0.0%	Yr. 18	36.74	0.1%	Yr. 18	0	0.0%
Yr. 19	8,225.22	1.1%	Yr. 19	0	0.0%	Yr. 19	1,642.94	0.5%	Yr. 19	0	0.0%	Yr. 19	25.95	0.1%	Yr. 19	0	0.0%
Yr. 20	6,739.17	0.9%	Yr. 20	0	0.0%	Yr. 20	1,297.41	0.4%	Yr. 20	0	0.0%	Yr. 20	18.17	0.1%	Yr. 20	0	0.0%
Total Yr. 1-20	725,413.16	97.8%	Total Yr. 1-20	124	100.0%	Total Yr. 1-20	307,473.15	98.9%	Total Yr. 1-20	63.25	100.0%	Total Yr. 1-20	32,113.44	99.9%	Total Yr. 1-20	21	100.0%
Total CF	741,994.95					Total CF	310,807.68					Total CF	32,147.96				

20 Yr. Level Yield < 4.750% Interest rate			20 Yr. SYD < 4.750% Interest rate			20 Yr. Level Yield 4.750% - 6.750% Interest rate			20 Yr. SYD 4.750% - 6.750% Interest rate			20 Yr. Level Yield > 6.750% Interest rate			20 Yr. SYD > 6.750% Interest rate		
Yr. 1	13,951.98	18.7%	Yr. 1	9.5	19.0%	Yr. 1	773.71	18.6%	Yr. 1	8	22.2%	Yr. 1	58.81	118.7%	Yr. 1	4	40.0%
Yr. 2	11,738.13	15.7%	Yr. 2	8.5	17.0%	Yr. 2	605.07	14.5%	Yr. 2	7	19.4%	Yr. 2	35.72	72.1%	Yr. 2	3	30.0%
Yr. 3	9,941.92	13.3%	Yr. 3	7.5	15.0%	Yr. 3	514.56	12.4%	Yr. 3	6	16.7%	Yr. 3	22.71	45.8%	Yr. 3	2	20.0%
Yr. 4	8,388.19	11.2%	Yr. 4	6.5	13.0%	Yr. 4	438.33	10.5%	Yr. 4	5	13.9%	Yr. 4	13.13	26.5%	Yr. 4	1	10.0%
Yr. 5	6,984.69	9.4%	Yr. 5	5.5	11.0%	Yr. 5	373.89	9.0%	Yr. 5	4	11.1%	Yr. 5	6.13	12.4%	Yr. 5	0	0.0%
Yr. 6	5,726.65	7.7%	Yr. 6	4.5	9.0%	Yr. 6	325.18	7.8%	Yr. 6	3	8.3%	Yr. 6	1.02	2.1%	Yr. 6	0	0.0%
Yr. 7	4,616.48	6.2%	Yr. 7	3.5	7.0%	Yr. 7	270.50	6.5%	Yr. 7	2	5.6%	Yr. 7	(2.69)	-5.4%	Yr. 7	0	0.0%
Yr. 12	1,204.11	1.6%	Yr. 12	0	0.0%	Yr. 12	84.03	2.0%	Yr. 12	0	0.0%	Yr. 12	(9.51)	-19.2%	Yr. 12	0	0.0%
Yr. 13	720.62	1.0%	Yr. 13	0	0.0%	Yr. 13	60.82	1.5%	Yr. 13	0	0.0%	Yr. 13	(9.63)	-19.4%	Yr. 13	0	0.0%
Yr. 14	316.05	0.4%	Yr. 14	0	0.0%	Yr. 14	40.92	1.0%	Yr. 14	0	0.0%	Yr. 14	(9.55)	-19.3%	Yr. 14	0	0.0%
Yr. 15	43.35	0.1%	Yr. 15	0	0.0%	Yr. 15	23.97	0.6%	Yr. 15	0	0.0%	Yr. 15	(9.32)	-18.8%	Yr. 15	0	0.0%
Total Yr. 1-15	74,605.31	99.9%	Total Yr. 1-15	50	100.0%	Total Yr. 1-15	4,162.09	99.9%	Total Yr. 1-15	36	100.0%	Total Yr. 1-15	66.77	134.8%	Total Yr. 1-15	10	100.0%
Total CF	74,644.20					Total CF	4,164.63					Total CF	49.53				

\*only two loans

## FFIEC Call Reporting Requirements

- Net Servicing Fees
  - RI item 5.f.
- Net Gain or (Loss) on sale of loans or leases
  - RI item 5.i.
- Prior period adjustment to equity
  - RI-A, item 2
- Describe prior period adjustment to equity
  - RI-E, item 4
- Book Value of Mortgage Servicing Rights Asset
  - RC-M, Memoranda, item 2.a.
- Estimated Fair Value of Mortgage Servicing Rights Asset
  - RC-M, Memoranda, item 2.a.(1)

## Additional Reporting Requirements FFIEC 041

- RC-P – if activities exceed threshold (\$10 million)
- RC-Q – if fair value accounting for the asset has been elected
- For securitized loans and loans sold to the FHLB credit enhanced products (MPF Original, MPF 125, MPF 35)
  - CE Income Receivable – Schedule RC-F, item 3
  - CE Recourse Liability – Schedule RC-G, item 3
  - Assets sold with recourse – Schedule RC-S, item 11, column A
  - Maximum amount of credit exposure – Schedule RC-S, item 12, column A
  - Outstanding balance of assets serviced for others – Schedule RC-S, memoranda item 2
    - a. with recourse
    - b. no recourse
    - d. in process of foreclosure at quarter-end
- RC-R, Part II, item 10 – balance sheet exposure

## Additional Reporting Requirements FFIEC 051

- Schedule SU
- Item 2 – if activities exceed threshold (\$10 million)
- Item 3 – if fair value accounting for the asset has been elected
  - Amount & gains/losses
- Additional reporting requirements for securitized loans and loans sold to the FHLB credit enhanced products (MPF Orig., MPF 125, MPF 35, etc.)
  - CE Income Receivable – Schedule RC-F, item 3
  - CE Recourse Liability – Schedule RC-G, item 3
  - Assets sold with recourse – Schedule SU, item 5
  - Outstanding balance of loans with recourse – Schedule SU, item 5.a.
  - Mortgage loans serviced for others – Schedule SU, item 6 – “yes”
    - Outstanding prin. bal. of sold loans serviced for others – Item 6.a.
- RC-R, Part II, item 10 – balance sheet exposure

## Reporting Requirements NCUA 5300

<u>Item</u>	<u>Location to Report</u>	<u>Account</u>
	<i>Statement of Financial Condition</i>	
Mortgage servicing assets	Page 2, 23. Other Assets, item b	779
	<i>Statement of Income and Expense</i>	
Loan servicing fees (year-to-date)	Non-interest income, page 5, item 13	131
Gain (loss) on sales of loans and leases	Non-interest income, page 5, item 19	IS0029
Loan servicing expense	Non-interest expense, page 5, item 29	280
Prior period adjustment to equity	Equity, page 3, undivided earnings, item 9	940
	<i>Schedule A, Section 6 - Loans Sold</i>	
Loans Sold	Item 3, year-to-date (number)	SL0022
	Item 3, year-to-date (amount)	SL0023
First mortgage loans sold on the secondary market	a. Year-to-date (number)	SL0024
	a. Year-to-date (amount)	736
Real estate loans sold with servicing retained	c. Year-to-date (number)	SL0028
	c. Year-to-date (amount)	SL0029
	c. Outstanding (number)	SL0030
	c. Outstanding (amount)	779A

## Reporting Requirements NCUA 5300

### Loans sold under FHLB MPF

<u>Item</u>	<u>Location to Report</u>	<u>Account</u>
	<i>Statement of Financial Condition</i>	
Credit Enhancement Income Receivable	Page 2, 23. Other Assets, item f	009C
	<i>Schedule A, Section 6 - Loans Sold</i>	
Loans transferred with limited recourse qualifying for sales accounting	b. Year-to-date (number) b. Year-to-date (amount)	SL0026 819

- Standard risk based net worth calculation: Schedule A, section 6 will flow to page 24 item 13.a. and will result in a capital charge of 6 percent
- If the CE obligation is < 6%, "complex" credit unions could elect "Alternative components for standard calculation" where the capital charge is limited to the CE obligation %

## Reporting Requirements NCUA 5300:

>\$500 million in assets & loans sold under FHLB MPF

<u>Item</u>	<u>Location to Report</u>	<u>Account</u>
	<i>Schedule C, Section 2 Off-balance sheet exposures</i>	
Loans Transferred under the FHLB MPF program	item 4	LQ0021

- Additional reporting is required related to the balances of loans sold with recourse and the credit exposure amount
- the balance of loans sold and outstanding (net of any valuation allowances) is multiplied by a 20% credit conversion factor and then risk-weighted at 50%.
  - 10% of the balance of the loans sold and outstanding is included in total risk-weighted assets

Thank you!

Questions?