

Completing the Reconciliation of Mortgage Portfolio – Schedule 1 (Form 473)

Overview

Every month, a servicer must use the Reconciliation of Mortgage Portfolio – Schedule 1 (Form 473) to reconcile the servicer’s trial balance to Fannie Mae’s Trial Balance.

Schedule 1 describes any discrepancies in Fixed Installments (Principal & Interest payments), Loan Counts, and Unpaid Principal Balances (UPB) and determines their cumulative effect on the servicer’s shortage/surplus for either Actual/Actual or Scheduled/Actual remittance types. Schedule 1 lists the loans that are causing discrepancies and identifies the entity (either the servicer or Fannie Mae) that is responsible for the resolution.

The servicer must prepare a separate Schedule 1 for each remittance type and unique 9-digit branch number. Servicers with Scheduled/Scheduled MRS Acquired (S/S Cash) or Scheduled/Scheduled MBS (S/S MBS) should use [Form 512](#).

Completing Schedule 1

Use the following documents to complete Schedule 1:

Form	Location
Schedule 1 (Form 473)	<ul style="list-style-type: none"> Interactive PDF Microsoft Excel® Print and complete by hand
Fannie Mae’s Trial Balance	<ul style="list-style-type: none"> FM Connect → Report Center → Loan Servicing → Trial Balance Report: Part A Summary
Servicer’s Trail Balance	<ul style="list-style-type: none"> Servicer’s system
Lender Recap Report (LRRO1201)	<ul style="list-style-type: none"> FM Connect → Report Center → Loan Servicing → Additional LASER Reports
Remittance Update Report (LRRO1401)	<ul style="list-style-type: none"> FM Connect → Report Center → Loan Servicing → Remittance Update Report
Accepted Transaction Reports (or Enhanced Reports – downloaded from SURF)	<ul style="list-style-type: none"> FM Connect → Report Center → Loan Servicing → Accepted Transactions
Loan Activity Rejects Report (or Original SURF LAR Rejects Lists – after LAR uploads prior to any corrections)	<ul style="list-style-type: none"> FM Connect → Report Center → Loan Servicing → Loan Activity Rejects Report

Step 1: Header Section

Complete the header section of Schedule 1.

Field	Steps
Month Reconciled	Enter the month and year for which you are reconciling.
Servicer Number	Enter your 9-digit Seller/Servicer number.
Remittance Type	Check the applicable remittance type -A/A or S/A.
Page	Specify the page number and total number of pages.



Schedule 1		Month Reconciled	
Reconciliation of Mortgage Portfolio		Servicer Number	
<input type="checkbox"/> A/A	<input type="checkbox"/> S/A	Portfolio Totals per Servicer's Records	
		Page	of

Example: Schedule 1 Header Information

Step 2: Portfolio Totals per Servicer's Records

Use the **Servicer's Trial Balance** to enter the totals for Fixed Installment (P&I), Loan Count, and Unpaid Principal Balance.

Field	Information
Fixed Installment	Enter the difference between the servicer's loan count and Fannie Mae's loan count, if applicable.
Loan Count	Enter the difference between the servicer's loan count and Fannie Mae's loan count, if applicable.
Unpaid Principal	Enter the difference between the servicer's UPB and Fannie Mae's UPB, if applicable. If Fannie Mae's UPB is higher than the servicer's UPB, insert the difference as a positive number. If Fannie Mae's UPB is lower, insert the difference as a negative number.

<input type="checkbox"/> A/A	<input type="checkbox"/> S/A	Portfolio Totals per Servicer's Records			Page	of
Fannie Mae Loan Number	F/S	Explanation of Differences	Age (days)	Fixed Installment	Loan Count	Unpaid Principal
				\$1,068,211.11	1,621	\$153,852,709.90
				Effect on Shortage/Surplus		

Example: Schedule 1 Portfolio Balances per Servicer's Records

Step 3: Portfolios Totals per Fannie Mae's Records

Use the **Remittance Update Report** to enter the totals for Fixed Installment (P&I), Loan Count, and Unpaid Principal Balance.

1. Use Tableau to open the **Remittance Update Report** in FM Connect.
2. View Line 7 – Ending Balances - Fixed Installment (P&I), Loan Count, and Unpaid Principal Balance.
3. Enter the totals from the **Fannie Mae's Trial Balance. Part A Summary**, at the bottom of Schedule 1.

NOTE: *If the totals agree, your reconciliation is complete, skip to **Step 7** to sign and archive the reconciliation. If the totals do not agree, proceed to **Step 4**.*

Portfolio Balance per Fannie Mae's Records		\$1,068.94	1,621	\$154,053.63	
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Example: Schedule 1 Portfolio Balances per Fannie Mae's Records



Step 4: Research Differences

Compare the loan detail records from your company's trail balance to **Fannie Mae's Trial Balance Report: Part A A/A** to identify the discrepancy in the following fields:

- P&I Installment
- Loan Count
- UPB

Check any unresolved hard rejects listed in Section B of the **Remittance Update Report** and note the reason for each reject.

NOTE: *Section B will not be an option if all Hard Rejects have been cleared.*

NOTE: *An unresolved hard reject indicates Fannie Mae did not update the loan to reflect the UPB and last paid installment (LPI) date you reported as well as the following:*

- *For Actual/Actual loans, a hard reject means Fannie Mae did not apply the P&I remittance you reported.*
- *For Scheduled/Scheduled loans, Fannie Mae did apply scheduled P&I remittances to update the scheduled UPB.*

Step 5: Resolve Differences

Determine whether each data discrepancy reflects an error in your records (S) or Fannie Mae's records (F).

1. Correct any records that are in error.
2. Attach any documentation used in determining the correction to the Schedule 1. Any transactions reported in error can be corrected in the next reporting cycle.

NOTE: *If Fannie Mae's records are inaccurate, the action needed depends on the type of error.*

NOTE: *If the information you provided at loan delivery needs to be corrected, the normal Post Purchase Adjustment (DCC) will need to be requested. Any documentation used for this correction needs attached to the Schedule 1. The [Data Change Rules Matrix](#) lists correct documentation needed for each data element.*

3. For loans liquidated in error, contact your Fannie Mae Investor Reporting Analyst to request that the loan be reinstated.
4. If a loan has been paid in full (Action Code 60) or a loan has been repurchased (Action Code 65) and you have not reported this action, report it as soon as possible using the true Action Date.
5. For any questions regarding loans reported with action codes 70, 71 or 72, contact Fannie Mae's National Property Disposition Center at 1-800-2FANNIE (800-232-6643). Servicing_Solutions@fanniemae.com.

NOTE: *When Fannie Mae's records are inaccurate, remember to attach the backup documentation used to the Schedule 1.*



Step 6: Reconciling Items:

Complete the following sections if the portfolio totals/balances are not equal for each of the following items:

Field	Steps
Fannie Mae Loan Number	Enter the name of the entity that is responsible for the resolution of the reconciling item.
F/S	Enter F for Fannie Mae or S for Servicer.
Explanation of Differences	<p>Enter the following:</p> <ul style="list-style-type: none"> ▪ Item status (new, resolved, or pending) ▪ Explanation of root cause and/or reason for the difference ▪ Corrective action required / taken ▪ Projected clearance data <p>Attach any relevant documentation specific to the corrective action needed.</p>
Age	Enter age of item (number of days in 30 day increments) the item has been on Schedule 1 – 0, 30, 60, 90, 120, 150 etc..
Fixed Installment	Enter the difference between the servicer's loan count and Fannie Mae's loan count, if applicable.
Loan Count	<p>Enter the difference between the servicer's loan count and Fannie Mae's loan count, if applicable.</p> <p>If Fannie Mae's loan count is higher than the servicer's loan count, then you must insert the difference as a positive number. If Fannie Mae's loan count is lower, then you must insert the difference as a negative number.</p>
Unpaid Principal Balance	<p>Enter the difference between the servicer's UPB and Fannie Mae's UPB, if applicable.</p> <p>If Fannie Mae's UPB is higher than the servicer's UPB, insert the difference as a positive number. If Fannie Mae's UPB is lower, insert the difference as a negative number.</p>
Effect on Shortage Surplus	<p>If the reconciling item has an effect on the shortage/surplus, enter the cumulative amount.</p> <p>You may have to use prior reports if the reconciling items is aged and caused shortage/surplus differences in past months.</p>
Balances Totaled (should equal Portfolio Balances per Fannie Mae's Records)	Enter the total of all values that you entered.
Balance Carried Forward to Line 1 Shortage/Surplus Reconciliation (or subtotal if more than one page is used)	<p>Enter the total of all values in the Effect on Shortage/Surplus column.</p> <p>Enter this total in Line 1 Schedule 3 (Form 472).</p>



Fannie Mae Loan Number	F/S	Explanation of Differences	Age	Fixed Installment	Loan Count	Unpaid Principal	Effect on Shortage/Surplus
				\$1,068,211.11	1621	\$153,852,709.90	
Schedule 1 Example of Portfolio Totals per Servicer's Records							
4000000268	S	Resolved. New loan not boarded in servicing system - Eff 03/19 Boarded loan.	0	\$1,490.71	1	\$243,646.43	\$0.00
4000000137	F	Recurring. Soliders and Sailors Act interest rate changed P&I from \$528.26 to \$501.47 - Eff 03/19 Sent request to Fannie Mae. Since PFP a monthly adjustment needs requested.	0	\$26.79			-\$31.37
4000000138	S	Resolved ARM changed rate to 4.625 a/b 4.375 - Eff 03/19 Notified borrower of new rate/payment. Recovered surplus on 4/8	0	-\$9.00			\$11.99
4000000562	S	Resolved mod successfully bridged to LSDU causing P&I to change from \$1,206.81 to \$428.42 and UPB to change from \$184,192.36 to \$141,467.98 (\$46,035.87 forbearance) - Eff 03/19 Updated internal system to after mod data	30	-\$778.39		-\$42,724.38	\$0.00
4000000443	S	Pending FNMA has wrong P&I payment of \$837.57 should be \$835.57 - Eff 03/19 PPA requested per note.		\$2.00			
Balances Totaled (should equal Portfolio Balances per Fannie Mae's Records)				\$1,068,943.22	1622	\$154,053,631.95	(\$19.38)
Portfolio Balance per Fannie Mae's Records				\$1,068,943.22	1622	\$154,053,631.95	
Balance Carried Forward to Line 1 Shortage/Surplus Reconciliation (or subtotal if more than one page is used)							(\$19.38)

Example: Schedule 1 Loans That Do Not Match



Step 7: Footer Information

Complete the following sections of the footer:

Field	Information
Servicer Name	Enter the name of your company.
Prepared By	Enter your printed name and signature. If using the interactive PDF, sign the form after printing (see Step 6).
Phone Number	Enter your phone number.
Date	Enter the date you signed Schedule 1.
Approved By	Enter the designated second signature (approver) for your company. If using the interactive PDF, sign the form after printing (see Step 6).
Phone Number	Enter the approver's phone number.
Date	Enter the date approver signed Schedule 1.

Servicer Name	Anytown Bank and Trust				
Prepared By (Name and Signature)	Susie Servicer	Phone Number:	555-555-5555	Date	April 21, 2019
Approved By (Name and Signature)	Bart Boss	Phone Number:	555-555-5555	Date	April 21, 2019

Example: Schedule 1 Footer Information

Step 8: Common Errors

Prior to finalization, review your completed Schedule 1 to ensure that you eliminate common errors frequently identified during a Fannie Mae compliance review. Below are some of the common errors found during a Fannie Mae compliance review.

Field	Information
Portfolio Totals per Servicer's Records	Enter totals from the Servicer's Trail Balance.
Portfolio Totals per Fannie Mae's Records	Enter totals located in the Lender Recap Report Section 1: PORTFOLIO SUMMARY and/or Fannie Mae's Trial Balance . <i>NOTE: A separate schedule should be created for each individual remittance type and Portfolio Number.</i>
F/S	Enter F for Fannie Mae or S for Servicer. <i>NOTE: This indicates the name of the entity that is responsible for the resolution of the reconciling item.</i>
Explanation of Difference	Include: <ul style="list-style-type: none"> ▪ Item status (new, resolved, or pending) ▪ Explanation of root cause and/or reason for the difference ▪ Corrective action required / taken ▪ Projected clearance date



Field	Information
	<p>NOTE: <i>Take prompt action to resolve reconciling times including communicating and submitting documentation to Fannie Mae when data is incorrect in Fannie Mae's system.</i></p>
Age	Ensure you age reconciling items (0, 30, 60, 90, 120, 150 etc.).
Fixed Installment	<p>Ensure you enter the difference between the servicer's loan count and Fannie Mae's loan count, if applicable.</p> <p>NOTE: <i>Shortages must be entered as negative amounts in parenthesis. However, if you use the Interactive PDF, enter a minus sign in front of the number. Once you click out of the filed, the number appears in parentheses.</i></p>
Unpaid Principal Balance	<p>Ensure you enter the Unpaid Principal Balance.</p> <p>NOTE: <i>Shortages must be entered as negative amounts in parenthesis. However, if you use the Interactive PDF, enter a minus sign in front of the number. Once you click out of the filed, the number appears in parentheses.</i></p>
Effect on Shortage/Surplus	<p>If a loan has been rejecting for multiple months the cumulative total will be the sum of each month the loan rejected.</p> <p>NOTE: <i>Shortages must be entered as negative amounts in parenthesis. However, if you use the Interactive PDF, enter a minus sign in front of the number. Once you click out of the filed, the number appears in parentheses.</i></p>