

Completing the Shortage/Surplus Reconciliation for Reporting Period – Schedule 3 (Form 472)

Overview

Every month, a servicer must use Shortage/Surplus Reconciliation for Reporting Period – Schedule 3 (Form 472), to summarize reconciling items identified on Schedules 1 and 2 and provide information on other reconciling items that have an effect on the shortage/surplus balance.

You must prepare a separate Schedule 3 for each of the following three remittance types – Actual/Actual (A/A), Scheduled/Actual (S/A), Scheduled/Scheduled MRS Acquired (S/S Cash) – and for each unique 9-digit branch number. Schedule 3 is not applicable for Scheduled/Scheduled MBS (S/S MBS).

Completing Schedule 3

Use the following documents to complete Schedule 3:

Form	Location
Schedule 3 (Form 472)	<ul style="list-style-type: none"> • Interactive PDF • Microsoft Excel® • Print and complete by hand
Schedule 3 Supplement (If applicable)	<ul style="list-style-type: none"> • Corresponding month’s completed Schedule 1 (Form 473) of Schedule 1A (Form 512) • Corresponding month’s completed Schedule 2 (Form 473A)
Remittance Update Report (LRR01401) / Part 1, Section B.1 Rejected Transactions (Soft)	<ul style="list-style-type: none"> • FM Connect → Report Center → Loan Servicing → Remittance Update Report
Servicer’s Remittance Reports	<ul style="list-style-type: none"> • Servicer system
Fannie Mae’s Remittance Detail Report	<ul style="list-style-type: none"> • Servicer system
Accepted Transaction Reports (or Enhanced Reports – download from SURF™)	<ul style="list-style-type: none"> • FM Connect → Report Center → Loan Servicing → Accepted Transactions
Lender Recap Report (LRR01201)	<ul style="list-style-type: none"> • FM Connect → Report Center → Loan Servicing → Additional LASER Reports
LSDU Cash Position	<ul style="list-style-type: none"> • LSDU → Cash Position Search → Cash Received Amount Hyperlink



Step 1: Header Section

Complete the header section of Schedule 3.

Field	Information
Remittance Type	Check the applicable remittance type – A/A, S/A, or S/S Acquired. NOTE: <i>S/S Cash (MRS) = Scheduled/Schedule Acquired.</i>
Servicer Number	Enter your 9-digit Seller/Servicer number.
Prepared By	Enter your printed name.
Phone Number	Enter your phone number.

<input type="checkbox"/> A/A	Month Reconciled	<input type="text"/>
<input type="checkbox"/> S/A	Servicer Number	<input type="text"/>
<input type="checkbox"/> S/S Acquired	Prepared By	<input type="text"/>
	Phone Number	<input type="text"/>

Example: Schedule 3 Header Information

Step 2: Section 1

Complete Section 1 of Schedule 3.

NOTE: Where applicable, use parentheses for negative numbers. However, if you are using the interactive PDF, enter a minus sign in front of the number. Once you click out of the field, the number appears in parentheses.

Field	Information
1. Total (shortage) / Surplus entered from Schedule 1/Schedule 1A (S/S Acquired)	For remittance type A/A and S/A, enter the total that you entered in the Effect on Shortage/Surplus column from Schedule 1 (Form 473). For remittance type S/S Cash, enter the total that you entered in the Effect on Shortage/Surplus column from Schedule 1A (Form 512).
2. Total (shortage)/surplus from Schedule 2	For all three remittance types, enter the total that you entered in the Effect on Shortage/Surplus column from Schedule 2 (Form 473A).
3. Cash Under-Remittance (Late Last Call / Remittance errors)	Enter any amount(s) not remitted by the cash remittance deadline of the first business day of the month that 4:00 pm ET. (Funds requested via CRS by 4:00 pm ED of business day 1.)
Date Remitted	Enter the date the funds were remitted.

Section 1	
1 Total (shortage)/surplus from Schedule 1/Schedule 1A (S/S Acquired)	<input type="text"/> 1
2 Total (shortage)/surplus from Schedule 2	<input type="text"/> 2
3 Cash Under-Remittance (Late Last Call/Remittance Errors)	<input type="text"/> 3
Date Remitted	<input type="text"/>

Example: Section 1



Field	Information
3a. Cash Over-Remittance	Enter any amount(s) of over-remittances that were made in error.
Date Recovered	Enter the date the funds were recovered/held back.
Explanation	<p>Enter the date the funds were remitted. Enter an explanation that includes:</p> <ul style="list-style-type: none"> ▪ Item status (new, resolved, or pending) ▪ Explanation of root cause and/or reason ▪ Age of item (0, 30, 60, 90 or 90+ days) ▪ Corrective action required / taken ▪ Effect on shortage/surplus ▪ Projected clearance date <p>NOTE: Common causes of over-remittances include interest application differences on loans delivered with incorrect LPI dates, remittances credited in error, curtailment interest differences, and reporting corrections made during the edit window that affected cash.</p>

Example: Schedule 1 Cash

3a Cash Over-Remittance	3a
Date Recovered	
Explanation	

Example: Schedule 1 Cash Over-Remittance Date Recovered



Field	Information
4. Other Reconciling Items (Schedule 3 Supplement)	<p>Explanation needs to include:</p> <ul style="list-style-type: none"> ▪ Item status (new, resolved, or pending) ▪ Explanation of root cause and/or reason ▪ Age of item (0, 30, 60, 90, or 90+ days) ▪ Corrective action required/taken ▪ Effect on shortage/surplus ▪ Projected clearance date <p>You may use the Schedule 3 Supplement to complete this section I, Line 4. Attach relevant documentation used for any specific corrective action.</p> <p><i>NOTE: Common causes of other differences include: interest application differences relating to payoffs (if loans were not liquidated in a timely manner), loans delivered with incorrect LPI dates, and any remittances credited to our Investor Reporting data base in error.</i></p>
5. TOTAL (Shortage)/Surplus Identified Per Reconciling Items (Line 1 through 4)	Enter the total of Lines 1 through 4.
6. (Shortage) / Surplus Per the Lender Recap Report, Section III, Line E	<p>If reconciling A/A, enter the shortage or surplus that is on Line E of Section III of the Lender Recap Report.</p> <p>If reconciling S/A or S/S Cash, see Step 3 below.</p>
7. Unreconciled / Unidentified (Shortage) / Surplus (Line 6 minus Line 5)	<p>Subtract Line 6 from Line 5 and enter the result.</p> <p>All differences have been identified and documented on Schedules 1, 2 and 3, this amount should equal zero.</p>

4 Other Reconciling Items (Schedule 3 Supplement)		4
5 TOTAL (Shortage)/Surplus Identified per Reconciling Items (Line 1 thru 4)	\$0.00	5
6 (Shortage)/Surplus per the Lender Recap Report, Section III, Line E		6
NOTE: If the reconciling S/A or S/S Acquired, complete Section II and enter result.		
7 Unreconciled/Unidentified (Shortage)/Surplus (Line 6 <i>minus</i> Line 5) Please be sure to correctly subtract negative numbers	\$0.00	7

Example: Schedule 1 Totals



Step 3: Section II

Complete section II for remittance types S/A and S/S Cash only. For A/A skip to Step 4.

Field	Information
1. (Shortage) / Surplus per Lender Recap Report, Section III, Line E	Enter the shortage or surplus that is on Line E of Section III of the Lender Recap Report .
2. PLUS Cash remitted during the month following the update	For remittance type S/S, enter the funds remitted on the 18 th of the month. For remittance type S/A, enter the funds remitted on the 20 th of the month. For example, if you are reconciling June activity, this would be the remittance amount for July 18 for S/S or July 20 for S/A Cash.
3. LESS Principal & Interest applied by Fannie Mae from Lender Recap Report, Section II	Enter the total of principal and interest applied by Fannie Mae as shown in Section II of the Lender Recap Report .
4. TOTAL (Enter here and on Line 6 in Section I)	Total Lines 1 and 2, subtract Line 3, and enter the result. Carry this total to Section I, Line 6.

Section II	
Complete for Scheduled/Actual and Scheduled/Scheduled Acquired	
1 (Shortage)/Surplus per the Lender Recap Report, Section III, Line E	_____ 1
2 PLUS Cash remitted during the month following update <i>(Example: For June Activity use July 20 if Scheduled/Actual or July 18 if Scheduled/Scheduled Acquired)</i>	_____ 2
3 LESS Principal + Interest applied by Fannie Mae from Lender Recap Report, Section II	_____ 3
4 TOTAL	_____ \$0.00 4

Example: Section II Totals

Step 4: Footer

Complete the footer section of Schedule 3.

Field	Information
Prepared By	Enter your printed name and your signature. If using the interactive PDF, sign the form one you print it (see Step 6).
Date	Enter the date that you signed Schedule 3.
Approved By	Enter the designated second signature (approver) for your company. If using the interactive PDF, sign the form after printing it.
Date	Enter the date the approver signed Schedule 3.

Prepared By (Name and Signature)	_____	Date: _____
Approved By (Name and Signature)	_____	Date: _____

Example: Schedule 3 Signatures



Step 5: Common Errors

Prior to finalization, review your completed Schedule 3 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
Cash Under-Remittance / Date Remitted	Ensure you entered the Date Remitted.
Cash Over-Remittance / Date	Ensure that you enter any cash over-remittances.
Recovered/Explanation	Ensure you entered the Date Recovered. Include all required items in your explanation.
Other Reconciling Items	<p>Ensure that loan with multiple issues appear on only one Schedule and that the explanation addresses all issues related to the loan.</p> <p>Ensure that you provide an itemized list of other reconciled items and provide resolution dates.</p> <p>Include all required items in your explanation.</p> <p>Ensure that you report the age of the reconciled items. In addition, you should prevent reconciling items from aging 90 days or more.</p>
Prepared By	Ensure that Schedule 3 is signed and dated by the preparer. The Preparer and Approver must be separate individuals.
Approved By	Ensure that Schedule 3 is signed and dated by the approver. The Preparer and Approver must be separate individuals.
General	<p>Ensure that you enter shortages as negative numbers in parentheses.</p> <p>Ensure that there are no mathematical errors, particularly if there are both positive and negative numbers.</p>

Step 6: What Happens Next?

If using the interactive PDF or Excel version, print the completed form for your records. Fannie Mae will settle the disposition of any unreconciled differences with each servicer on an individual case-by-case basis.

A servicer can resolve minor residual cash differences (such as those resulting from rounding) by performing a monthly cash adjustment after reviewing all the rejected transactions. The servicer's IR representative must approve any other cash adjustments, except for those related to correction of actual over- or under-remittances.

Refer to the next page for an example of a completed Schedule 3.



Sample Completed Schedule 3.

<input checked="" type="checkbox"/> A/A	Month Reconciled	19-Apr
<input type="checkbox"/> S/A	Servicer Number	111111111
<input type="checkbox"/> S/S Acquired	Prepared By	Susie Servicer
	Phone Number	(555) 555-5555
Schedule 3 — Form 472		
Shortage/Surplus Reconciliation for Reporting Period		
Section I		
1	Total (shortage)/surplus from Schedule 1/Schedule 1A (S/S Acquired)	\$66.23
2	Total (shortage)/surplus from Schedule 2	(\$12.98)
3	Cash Under-Remittance <i>(Late Last Call/Remittance Errors)</i>	
	Date Remitted	
3a	Cash Over-Remittance	\$1,000
	Date Recovered	
	Explanation	
4	Other Reconciling Items (Schedule 3 Supplement)	(\$1,899.54)
5	TOTAL (Shortage)/Surplus Identified per Reconciling Items (Line 1 thru 4)	(\$846.29)
6	(Shortage)/Surplus per the Lender Recap Report, Section III, Line E	\$846.29
	NOTE: If reconciling S/A or S/S Acquired, complete Section II and enter result.	
7	Unreconciled/Unidentified (Shortage)/Surplus (Line 6 <i>minus</i> Line 5)	
	Please be sure to correctly subtract negative numbers	
Section II		
Complete for Scheduled/Actual and Scheduled/Scheduled Acquired		
1	(Shortage)/Surplus per the Lender Recap Report, Section III, Line E	\$0
2	PLUS Cash remitted during the month following update <i>(Example: For June Activity use July 20 if Scheduled/Actual or July 18 if Scheduled/Scheduled Acquired)</i>	\$2,578,924.52
3	LESS Principal + Interest applied by Fannie Mae from Lender Recap Report, Section II	(\$2,578,924.52)
4	TOTAL	\$0
Prepared By (Name and Signature)		Susie Servicer
Date:		May 8, 2019
Approved By (Name and Signature)		Bart Boss
Date:		May 8, 2019



			Month Reconciled	19-Apr
Schedule 3 Supplement			Servicer Number	11111-111-1
Detail for Schedule 3, Line 4 (Other Reconciling Items)				
<input checked="" type="checkbox"/> A/A <input type="checkbox"/> S/A <input type="checkbox"/> S/S Acquired			Page 1 of 1	
Fannie Mae Loan Number	F/S	Explanation of Differences	Age	Effect on Shortage/Surplus
4000000005	S	Resolved: Hard Reject on repurchase LAR due to excluding the purchase premium. Corrected reject & remitted additional funds due of \$1,036.28 on 4-4-19.	Current	(\$1,036.28)
4000000137	S	Resolved: Payoff interest remittance error. Used 360 instead of 365 accrual of partial month interest resulting in Soft Reject and over-remittance of interest. Recovered surplus of \$5.54 on 4-20-19.	Current	\$5.54
4000000801	F	Pending: Loan sale with LPI Date error. Requested purchase adjustment on 4-8-19. Awaiting FNMA to update the acquired LPI Date which will clear the \$868.80 shortage.	Current	(\$868.80)
Total for Schedule 3, Line 4				(\$1,899.54)
Grand Total - Balance Carried Forward to Line 4 Shortage/Surplus Reconciliation				(\$1,899.54)
Prepared By (Name and Signature)		Susie Servicer		Date: May 8, 2019
Approved By (Name and Signature)		Bart Boss		Date: May 8, 2019