



AUTOMATED ACCOUNTING



In today's complex lending environment, mortgage lending operations face more scrutiny than ever before.

Now, through FHLBank Topeka's collaboration with Wilary Winn LLC, gain access to cost-effective reporting solutions that will **maximize** your current MPF® Program earnings and **minimize** your time spent with auditors and regulators.

OFFERING VALUATION OF AND ACCOUNTING FOR:

- Mortgage Servicing Rights
- CE Fees Receivable
- CE Obligation Liabilities

WILARY WINN WILL:

- > Provide you with appropriate loan level values for Mortgage Servicing Rights, Credit Enhancement Fees and Credit Enhancement Obligations - plus the required journal entries for each month-end period.
- > Work with you and your accounting firm to determine the appropriate method of accounting for CE Obligation liabilities.
- > Provide a call report summary, detailing the required entries on the appropriate call report (FFIEC, TFR or NCUA) for loans sold to FHLBank Topeka as of each quarter-end period.

> **FEE INCOME STREAMS ASSOCIATED WITH THE MPF® PROGRAM HAVE IMMEDIATE VALUE AND CAN BE RECOGNIZED AS CURRENT INCOME.**

FINANCIAL INSTITUTION ABC | MPF PORTFOLIO
Kansas Data – MPF Orig. – Act./Act. Multiple Remittance
 Sample Data as of 6/30/2008

Portfolio Stats ¹	Loan Count	Unpaid Principal Balance	Average Loan Size	Interest Rate	Servicing
30 Year	232				
20 Year	54				
15 Year	159				
10 Year & Balloons	45				
TOTAL	490				

Estimate of Mortgage Servicing Rights²

Estimate of Mortgage Servicing Rights ²	Basis Point Value if Loans Have Escrow	Dollar Value if Loans Have Escrow	Basis Point Value if Loans Do Not Have Escrow
30 Year	0.915%	218,625.08	0.802%
20 Year	0.873%	48,005.67	0.756%
15 Year			
10 Year & Balloons			
TOTAL			

Estimate of CE Fee Receivable²

Estimate of CE Fee Receivable ²	Basis Point Value

One Loan Example – Accounting Entry³

Initial Journal Entries

Description	GL#	Debit	Credit
Cash	BS	100,000.00	
Servicing Asset	BS	914.91	
CE Fees Receivable	BS	387.48	
CE Obligation Liability	BS		387.48
Loans (net payoffs)	BS		100,000.00
Gain or Loss on Sale of Loans	IS	-	914.91
		101,302.39	101,302.39



WHY APPROPRIATELY ACCOUNT FOR MSRs, CE FEES AND CE OBLIGATION LIABILITIES?

YOUR BOTTOM LINE

MSRs (and, depending upon accounting treatment, the CE Fees) provide up-front income for a PFI when loans are sold under the MPF Program. The value of the MSR asset can be included in the gain on sale of the loan, providing you an immediate source of income.

COMPLIANCE

Federal regulators may require participating members to more strictly follow Generally Accepted Accounting Principles to properly measure and report MSRs, CE Fees receivable and CE Obligation liabilities. Given the turmoil currently taking place in the lending industry, federal regulators are being extremely detailed in reviewing mortgage banking operations within banks, thrifts and credit unions.

WILARY WINN MAKES IT EASY

The initial and ongoing accounting for these assets and liabilities can be complex. However, Wilary Winn simplifies the process, carefully walking you through the accounting entries needed to accurately account for the assets and liabilities, as well as the required ongoing entries once assets and liabilities have been recognized. Detailed and accurate reporting helps reduce your time spent with auditors and regulators.

FHLBANK MAKES IT AFFORDABLE AND ACCURATE

As a member of FHLBank Topeka, your required information can be sent directly to Wilary Winn, saving you valuable time and resources, and ensuring accuracy.

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- > Wilary Winn carefully walks you through the accounting entries needed to accurately account for the assets and liabilities, as well as the required ongoing entries once assets and liabilities have been recognized.

WILARY WINN PRICING SCHEDULE

MONTHLY ACCOUNTING	MONTHLY FEE	ANNUAL COST
LESS THAN 10 LOANS	\$100	\$1,200
10 - 25 LOANS	\$150	\$1,800
26 - 50 LOANS	\$250	\$3,000
50+ LOANS	\$350	\$4,200



Founded in 2003, WilaryWinn provides impartial and independent fee-based advice to financial intermediaries with a focus on the middle market. Areas of expertise include: residential mortgage lending; interest rate risk management; and asset-backed securitization.

Call today for more information:
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FHLBank Topeka has engaged Wilary Winn LLC to prepare these schedules to provide general information concerning the value of ongoing fee income related to the MPF® Program. The information was not prepared or approved by the FHLBank and does not constitute financial or accounting advice. The schedules are based on general examples and the specific attributes of a loan and other factors could affect the values indicated. Readers are strongly encouraged to consult with their own financial and accounting experts before making any decisions on the basis of this information. Updated Sept. 12, 2008.

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