LOAN SERVICING SOFT Trust Accounting Settlement Accounts

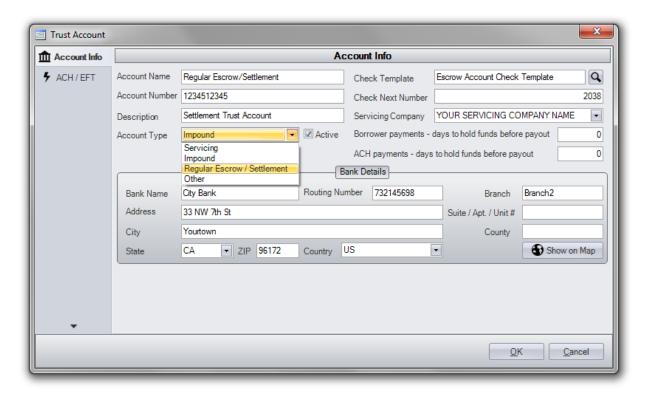
This document will guide you through the process of using a Regular Escrow/Settlement Trust Account, one of three different Trust Accounts with-in LOAN SERVICING SOFT (Servicing, Impound, Regular Escrow/Settlement).

For additional information and/or questions please feel free to contact our support group at support@loanservicingsoft.com or 1-800-993-1839 x2.

LOAN SERVICING SOFT "Regular Escrow/Settlement" trust accounts provide solutions to both simple and complex loan origination and funding scenarios.

Each loan in the LSS system has a subsidiary ledger (or a sub bucket) created for it in each of your bank accounts. This subsidiary ledger for a loan is created upon the creation of a loan.

Here are three different scenarios of how you can use a Regular Escrow/Settlement Trust Account in LSS:





1) Purchase/Sale Settlement Closing

- Borrowers deposit down payment and fees.
- Lenders deposit loan funds into the settlement/funding account.
- Pay commissions and fees.
- Pay seller.
- Zero out and close (any surplus to borrower).

2) Interest Reserves Taken at Closing

- Loan is funded but with a hold hack, for example 6 months interest (30K).
- 30K is then put in the loans subsidiary ledger.
- And then servicer simply makes the loan payment on behalf of the borrower out of their subsidiary ledger every month.
- Subsidiary Ledgers can then be "charged back up" or refunded as their balances drop under certain thresholds.

3) Construction Reserves

- Loan is cleared for funding.
- All Lenders deposit loan funds into the settlement/funding account.
- If acting as the settlement party, the settlement company withdraws commissions and fees.
- The initial draw is financed to the borrower.
- The servicing company transfers the remaining funds into a Construction Reserve account.
- The servicing company can finance the borrower for additional funds from the construction reserve account at any time.
- Additionally, the servicing company can choose to make draws payable to the borrower or a vendor directly to ensure the loan is business purpose and not a consumer loan.



Follow these steps to setup and manage your Trust Accounts.

- 1. To access your Trust Accounts (or bank accounts) go to Control Panel > Trust Accounts
- 2. From here you can Add, Edit, and Delete an unlimited number of Trust Accounts
- 3. By clicking the **Add** or **Edit** button the Trust Account screen will pop up. Here you can enter/change your bank account information.
- 4. Be sure to click the **Active** check box in order for your accounts to be displayed on your users Control Panels.

