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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

3/6/02 FC

FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:  
Residential Funding Securities Corporation

OFFICIAL USE ONLY  
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
8400 Normandale Lake Boulevard

Minneapolis MN 55437  
(City) (State) (Zip Code)

REGD S.E.C.  
MAR 01 2002  
535

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Rod McGinniss (301) 215-6205  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Price Waterhouse Coopers, LLP  
650 Third Avenue South, Suite 1300 Minneapolis, MN 55402  
(Address) (City) (State) Zip Code

- CHECK ONE:  
 Certified Public Accountant  
 Public Accountant  
 Accountant not resident in United States or any of its possessions.

PROCESSED  
MAR 20 2002

FOR OFFICIAL USE ONLY  
THOMSON FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Handwritten initials

OATH OR AFFIRMATION

I, Rod McGinniss, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Residential Funding Securities Corporation, as of December 31, ~~19~~ <sup>XX</sup> 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

R. E. McGinniss  
Rod McGinniss                      Signature  
President  
\_\_\_\_\_  
Title

Jennifer E. Maloney  
Notary Public  
JENNIFER E. MALONEY  
NOTARY PUBLIC STATE OF MARYLAND  
My Commission Expires August 6, 2005

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**Residential Funding  
Securities Corporation**

A wholly-owned subsidiary of Residential  
Funding Corporation

Statement of Financial Condition as of December 31, 2001

Filed pursuant to 17a-5(e)(3) as a Public Document

PricewaterhouseCoopers LLP  
650 Third Avenue South  
Suite 1300  
Minneapolis MN 55402  
Telephone (612) 596 6000  
Facsimile (612) 373 7160

**Report of Independent Accountants**

To the Board of Directors and Stockholder of  
Residential Funding Securities Corporation  
(a wholly-owned subsidiary of Residential Funding Corporation)

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Residential Funding Securities Corporation (the "Company") at December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. This statement is the responsibility of the Company's management; our responsibility is to express an opinion on this statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company is a wholly-owned subsidiary of Residential Funding Corporation and, as disclosed in the financial statement, has extensive transactions and relationships with its Affiliates. The financial position of the Company is not indicative of that which would have occurred had the Company operated independently.

*PricewaterhouseCoopers LLP*

February 15, 2002

**Residential Funding Securities Corporation**  
**Statement of Financial Condition**  
**December 31, 2001**

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**ASSETS**

Cash and cash equivalents	\$ 1,899,319
Cash segregated under federal regulations	282,000
Receivable from brokers and dealers	250,101,359
Receivable from customers	48,377,310
Trading securities owned, at estimated fair value	180,023,014
Trading securities purchased under agreements to resell	38,798,750
Accrued interest receivable	631,752
Deposits with clearing organizations	278,715
	<hr/>
Total Assets	\$ 520,392,219

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Liabilities:	
Payable to brokers and dealers	\$ 184,522,666
Payable to Affiliates	152,759,324
Trading securities sold, not yet purchased, at estimated fair value	37,730,312
Payable to customers	87,386,346
Income taxes payable to Affiliates	2,226,494
Other liabilities	220,404
	<hr/>
Total Liabilities	464,845,546
Stockholder's Equity:	
Common stock, no par, 3,000 shares authorized, issued and outstanding	75,000
Additional paid-in capital	31,925,000
Retained earnings	23,546,673
	<hr/>
Total Stockholder's Equity	55,546,673
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Total Liabilities and Stockholder's Equity	\$ 520,392,219

The accompanying notes are an integral part of this financial statement.

**1. Organization and Description of Business**

Residential Funding Securities Corporation (the "Company") is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a wholly-owned subsidiary of Residential Funding Corporation ("RFC"). RFC is a wholly-owned subsidiary of GMAC Mortgage Group, Inc., which is a wholly-owned subsidiary of General Motors Acceptance Corporation ("GMAC"). GMAC is a wholly-owned subsidiary of General Motors Corporation ("GM"). RFC, GMAC Mortgage Group, Inc., GMAC and GM and their affiliates are collectively referred to herein as "Affiliates." The Company trades mortgage-backed securities, asset-backed securities and other fixed income securities with brokers, dealers and other institutional investors.

**2. Significant Accounting Policies**

**Cash and Cash Equivalents**

Cash and cash equivalents include cash funds in overnight investments, short-term commercial paper and other short-term investments.

**Cash Segregated Under Federal Regulations**

Cash segregated under federal regulations represents cash that has been segregated in a special reserve bank account for the exclusive benefit of customers pursuant to Rule 15c3-3 of the Securities and Exchange Commission.

**Receivable from and Payable to Brokers and Dealers and Customers**

Customer and principal securities transactions are recorded on a trade date basis. The amounts receivable from and payable to brokers and dealers and customers result from delivery-versus-payment transactions.

**Trading Securities Owned and Sold, Not Yet Purchased**

The Company owns mortgage-backed securities and asset-backed securities held for trading. These securities are recorded on trade date at estimated fair value with unrealized gains and losses recorded in the statement of income. Fair value is estimated based on a combination of information obtained from recent comparable sales of securities, indications from dealers, anticipated prices based on activity in the market, and discounted cash flow analyses.

**Trading Securities Purchased Under Agreements to Resell**

Trading securities purchased under agreements to resell are treated as collateralized financing transactions and are carried at the amounts at which the securities will subsequently be resold as specified in the respective agreements, plus accrued interest.

**Income Taxes**

The Company is included in the consolidated federal as well as several unitary and/or combined state income tax returns of GM. The Company provides for its taxes pursuant to a tax sharing arrangement with GM and periodically settles accounts which are currently receivable or payable.

**Residential Funding Securities Corporation**  
**Notes to Statement of Financial Condition**  
**December 31, 2001**

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**Fair Value of Financial Instruments**

The financial instruments of the Company are reported on the statement of financial condition at market or estimated fair value, or at carrying amounts that approximate fair values because of the short maturity of the instruments.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amount of revenues and expenses. The Company's estimates and assumptions primarily arise from risks and uncertainties associated with credit exposure, interest rate volatility and regulatory changes. Future changes in market trends and conditions may occur which could cause actual results to differ materially from the estimates used in preparing the accompanying financial statements.

**Risks and Uncertainties**

In the normal course of business, the Company's customer and trading activities involve the execution, settlement and financing of various securities transactions. If the transactions do not settle because of failure to perform by the counterparty, the Company may be required to discharge the obligation of the non-performing party and, as a result, may incur a loss if the market value of the securities are different from the contracted amount of the transaction. The Company does not anticipate non-performance because the counterparties to these transactions are sophisticated institutional investors. The Company's policy is to monitor its market exposure and counterparty risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each counterparty with which it conducts business.

**3. Receivable from and Payable to Brokers and Dealers**

Amounts receivable from and payable to brokers and dealers at December 31, 2001 consist of the following:

	Receivable	Payable
Securities failed-to-deliver/receive	\$ 197,223,482	\$ 184,522,666
Receivable from brokers and dealers	46,868,483	-
Underwriting fees receivable	1,634,183	-
Other	4,375,211	-
	<u>\$ 250,101,359</u>	<u>\$ 184,522,666</u>

Securities failed-to-deliver/receive represent the contract value of securities which have not been delivered or received by settlement date.

**Residential Funding Securities Corporation**  
**Notes to Statement of Financial Condition**  
**December 31, 2001**

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**4. Trading Securities Owned and Sold, Not Yet Purchased**

Trading securities owned and sold, not yet purchased, at estimated fair value are as follows:

	Owned	Sold, Not Yet Purchased
Agency mortgage-backed securities	\$ 141,862,996	\$ 12,876,093
Private-label mortgage- and asset-backed securities	38,160,018	-
U.S. Treasury securities	-	24,854,219
	<u>\$ 180,023,014</u>	<u>\$ 37,730,312</u>

**5. Trading Securities Purchased Under Agreements to Resell**

At December 31, 2001, the market value of trading securities purchased under agreements to resell was \$37,730,312.

Resell agreements are collateralized by U.S. Treasury securities or various mortgage-backed securities. Collateral is valued daily and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate.

**6. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method permitted by Rule 15c3-1, which requires that the Company maintain minimum net capital equal to the greater of \$250,000 or 2% of aggregate debit balances arising from customer transactions. At December 31, 2001, the Company had net capital of \$42,460,412, which was \$42,210,412 in excess of its required net capital of \$250,000.

**Residential Funding Securities Corporation**  
**Notes to Statement of Financial Condition**  
**December 31, 2001**

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**7. Affiliate Transactions**

Amounts payable to Affiliates at December 31, 2001 relate to unsettled funds associated with intercompany borrowings, obligations under the Company's tax sharing arrangement and certain other transactions with RFC.

The Company has also entered into a loan agreement with RFC which provides RFC the ability to borrow funds from the Company on a limited short-term basis. All outstanding amounts pursuant to this loan agreement accrue interest at a floating rate per annum equal to the greater of the short-term commercial paper rate or the average cost of short-term funds to RFC. This loan agreement with RFC matured on March 25, 2001 and was automatically renewed for another year, per the agreement. There were no outstanding receivable amounts associated with this loan agreement during 2001.

At December 31, 2001, the Company had \$89,130,362 of borrowings outstanding from its Affiliates. All outstanding borrowings accrue interest at a floating rate per annum equal to the average cost of RFC's short-term funds. Additionally, at December 31, 2001, the Company had an unsettled transaction with Affiliates totaling \$63,628,962.

During the year, the Company distributed approximately \$3.9 billion of mortgage-backed and asset-backed securities issued by its Affiliates. The Company receives all management, operational and accounting services from RFC for which no costs are allocated or fees charged. Accordingly, the financial results of the Company are not indicative of those which would have occurred had the Company operated independently.

**8. Derivative Financial Instruments**

The Company utilizes a variety of derivative and other financial instruments for trading purposes and to manage interest rate risk. These instruments include mortgage-backed securities, mandatory forward delivery and purchase commitments and short sales of cash market U.S. Treasury securities. Risks arise from the potential fluctuations of interest rates during the term of these contracts.

At December 31, 2001, the notional amount (which does not represent the amount at risk), the carrying amount included in trading securities owned, and the fair market value of the Company's derivative financial instruments that are used for hedging purposes but have not been designated as fair value hedges are summarized as follows:

	<b>Notional Amount</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Forward contracts for sale of mortgage-backed securities	\$ 98,000,000	\$ (118,484)	\$ (118,484)
Futures contracts	19,100,000	334,516	334,516