

Duties and Responsibilities

Chapter 2

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Duties and Responsibilities

Compliance and Controls

The Custodian must certify the Notes and assignments delivered by a Seller/Servicer and hold them in trust for us. Custodians must certify and safeguard Notes and assignments as required by the Guide, Form 1035 and this handbook and adhere to the highest professional and ethical standards.

In order to protect Borrower privacy, Custodians should not release original documents, copies of documents, or ANY information about a Borrower or a Mortgage held in custody for Freddie Mac to anyone except Freddie Mac or the Servicer, even if the person asking is the Borrower or someone claiming to be the Borrower. If the person is claiming to be the Borrower, you should direct him or her to the current Servicer. Because of periodic reporting requirements relating to certain mortgage-backed securities, the Seller or a previous Servicer of a Mortgage may request loan-level information; you should direct all such inquiries to the current Servicer. Please contact Document Custodial Operations (DCO) if you have any questions regarding Borrower privacy.

Pursuant to Form 1035, Freddie Mac may, with or without prior notice, perform an on-site audit that relates to Notes and assignments held for Freddie Mac, on the following:

- all records and documents held by a Custodian.
- the vault itself (facilities, security, etc.).
- the Custodian's policies and procedures relating to the custodial functions.

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The chart below identifies a number of compliance controls; this information is not all-inclusive.

Custodial Functions	Compliance Controls
Hold Notes and assignments in trust for the sole benefit of Freddie Mac	Do not enter into any understanding, agreement or relationship with any party to obtain, retain or claim any interest, including ownership or security, in Mortgages owned by Freddie Mac, unless specifically approved in writing, in advance by us.
Maintain custody and control of the Notes and assignments	<ul style="list-style-type: none"> ▪ Track Notes held for Freddie Mac in accordance with note tracking requirements set forth in the Guide and this handbook. ▪ Affix the Freddie Mac loan number to the Note, if advised by the Seller/Servicer that Freddie Mac requires it. ▪ Segregate Freddie Mac Notes from those held for other investors, if advised by Freddie Mac to do so. <p>See Guide Sections 18.2 and 18.6 for further information.</p>
Certify Notes, supplemental documents and assignments	See Chapter 3 of this handbook for detailed information.
Release documents to Servicer	See Chapter 4 of this handbook for detailed information.
Release documents to Transferee Custodian	See Chapter 5 of this handbook for detailed information.






If a Note cannot be found in the vault after delivery to and certification by the Custodian, the Custodian should contact Freddie Mac for instructions.

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The chart below identifies activities that the Custodian must perform in order to maintain its eligibility as a Custodian and properly certify and safeguard the Notes. See Guide Chapter 18.

Activity	Requirement
Employ internal controls and use prudent business practices to safeguard and maintain our Notes and assignments	<ul style="list-style-type: none"> ▪ Provide fire-resistant storage with a minimum of two hours protection. See Guide Section 18.2(b). ▪ Provide fire extinguishers or other fire retardant equipment or devices in vaults.
Ensure that staff is knowledgeable in handling Notes and assignments, and performing other custodial duties. See Guide Section 18.2(b)	<p>Provide access to our reference materials and publications, including:</p> <ul style="list-style-type: none"> ▪ The Guide (available on ALL REGS) ▪ This handbook ▪ The Document Custodial Operations website: http://www.freddiemac.com/service/cim/, and ▪ Bulletins and Industry Letters
Self-Custodians must ensure that document custody functions are separate from Mortgage origination, selling, or servicing. See Guide Section 18.2(c), (d) and (e)	The document custody department and staff must be independently and separately managed from any functional area that performs Mortgage origination, selling, or servicing, and must maintain separate records, files and operations.

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Activity	Requirement
<p>Develop and maintain an independent document tracking and reporting system to monitor Notes and assignments, to track Note releases and returns, and to identify physical location of Notes. See Guide Section 18.2(b)</p>	<ul style="list-style-type: none"> ▪ Include the Freddie Mac loan number in the system. The Custodian must reference the Freddie Mac loan number on all correspondence and related documents. <p> If the Freddie Mac loan number begins with a “0”, the “0” must be included in your tracking system.</p> <ul style="list-style-type: none"> ▪ Include the Servicer’s loan number in the system. ▪ Cross-reference the Freddie Mac loan number for each Mortgage with the Servicer’s loan number. ▪ Custodians must ensure that their tracking system is separate and independent of the Servicer’s system. <p> Periodically, you will be required to provide an electronic list of the Freddie Mac loan numbers for all Notes you hold for each Servicer number. You should provide a separate text file of the Notes you hold for each Servicer. Please ensure that the complete 9-digit loan number is provided, including any preceding zeros, to avoid having that loan flagged as an invalid loan number.</p> <p> We do not use the contract number after funding. Subsequent loan transactions, including Transfers of Servicing, are tracked by Freddie Mac loan number.</p>
<p>Maintain and regularly update written procedures. See Guide Section 18.2(b)</p>	<p>Compare your procedures to this handbook, the Guide and Form 1035 to ensure that they meet our requirements.</p>




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Activity	Requirement
<p>Maintain a disaster recovery (business continuity) plan. See Guide Section 18.2(b)</p>	<p>Your plan must include:</p> <ul style="list-style-type: none"> ▪ Immediate (within 24 hours) notice to DCO if your facility is affected by a disaster, <ul style="list-style-type: none"> – Email address: FMMDM@freddiemac.com – Phone number: (703) 724-3000 – Fax number: (703) 738-2141 ▪ A process for physical recovery/restoration of documents, ▪ Plans to recover tracking system data, including electronically maintained information, ▪ Relocation/restoration of facilities to ensure ability to perform custodial functions, and ▪ Periodic testing and updating of the plan. <p> If necessary, DCO will help you complete certifications until you become fully operational after a disaster.</p>
<p>Submit Annual Document Custodian Eligibility Certification Report. See Form 1035</p>	<p>In order to maintain eligibility, submit the Annual Document Custodian Eligibility Certification Report by March 31st each year.</p> <p>Refer to our website: www.freddiemac.com/service/cim/docs/dc_elig_cert_report.doc or contact: institutional_eligibility@freddiemac.com .</p>
<p>Terminate custodial relationship with Servicer</p>	<p>See Chapter 1 of this handbook for further information.</p> <p> As Custodian, you are responsible for ensuring a smooth transfer of all Notes, supplemental documents and assignments.</p>

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Changes to Institution Information

To ensure that Freddie Mac's records for Custodians are accurate, Custodians must notify Freddie Mac, as set forth below, of an institution name or address change for the vault, changes in the vault contact person or institutional organizational changes, such as mergers or consolidations.

Event	Description
Custodian address change	<p>Certain changes will necessitate a new Form 1035. For instance, if you move Notes held for one or more Servicers to a new location, but will continue to maintain the Notes for other Servicers at the old location, you will need an additional Custodian number and Form 1035 that documents the relationship between your new location and the particular Seller/Servicer numbers supported there.</p> <ul style="list-style-type: none"> <li data-bbox="850 898 1357 1031">  Moving Notes (except pursuant to a Form 1036 Request for Release of Documents) requires prior approval by Freddie Mac. <li data-bbox="850 1066 1333 1199">  All Freddie Mac Notes associated with a particular Seller/Servicer number must be held in the same Custodian location or at DCO. <li data-bbox="850 1234 1370 1329">  Each Custodian location must have a unique Freddie Mac-assigned Custodian number.
Custodian name change, organizational change, eligibility contact name change	<p>Provide written notification to:</p> <p style="text-align: center;">Freddie Mac CCRM 1551 Park Run Drive, MS D3A McLean, VA 22102-3310</p>
Custodian operational contact name change and Custodian name change	<p>Provide written notification to:</p> <p style="text-align: center;">Freddie Mac DCO 21550 Beaumeade Circle, MS 507 Ashburn, VA 20147</p>

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Insurance Coverage

Custodians must maintain the following insurance coverage, at a minimum:

- **Errors and Omissions Insurance** covering claims resulting from the Custodian's breach of duty, neglect, errors and omissions, misstatement, misleading statements or other wrongful acts committed in the conduct of document Custodial services.
- **Financial institution bond** or equivalent insurance covering any loss resulting from employee dishonesty, physical damage or destruction to, or loss of any Notes or assignments while these documents are located on the Custodian's premises.
- **Transit Insurance:** Notes that move between Custodians or from one Custodian's vault location to another must be covered by transit insurance. If Custodian and Seller/Service provider agree in writing that the Custodian will assume liability for the Notes during the move, then Custodian must maintain insurance that covers physical damage to and destruction or loss of the Notes. If there is no written agreement allocating liability, then the Seller/Service provider is liable for the Notes and must obtain insurance as described in Guide Section 18.4(c).

For additional information, see Guide Sections 18.2 and 18.4.