

Subsequent Transfers of Servicing and Custody Procedures

Chapter 5

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Introduction

This chapter provides the requirements and additional guidance necessary to move or recertify Freddie Mac Notes and assignments as part of a Subsequent Transfer of Servicing (TOS) or transfer of custody. It also identifies the roles and responsibilities for all parties, including the:

- Transferor Servicer
- Transferor Document Custodian
- Transferee Servicer
- Transferee Document Custodian
- Freddie Mac's Document Custodial Operations (DCO)

Please refer to [Guide Sections 18](#) and [56](#) or consult with the Seller/Servicer, as appropriate, for more information.



A TOS or transfer of custody requiring Freddie Mac's approval may occur as a result of an organization change to, or merger or acquisition of, a Servicer or Document Custodian. See [Guide Section 4.13](#) and Chapter 2 of this Handbook for additional information



See page 5 of this chapter for specific handling of MERS Registered Mortgages

General Responsibilities

Within 30-days following the Effective Date of Transfer, the Transferor Servicer must deliver an executed [Form 1034T](#), Subsequent Transfer Custodial Certification Schedule, and the Transferor Document Custodian must deliver the Notes, together with any documentation regarding MERS-registered Mortgages and those closed with MERS as the original Mortgagee of record, to the Transferee Document Custodian.

Within 180-days following:

- The Effective Date of Transfer for a TOS and
- Written notice of a transfer for a transfer of custody,

The Transferee Document Custodian must deliver the [Form 1034T](#) to DCO on behalf of itself and the Transferee Servicer. By executing and submitting the [Form 1034T](#), both the Transferor Servicer and Transferor Document Custodian represent and warrant to Freddie Mac that the information regarding the Notes is accurate and that the required certifications have been made.





For a TOS where there is no change in Document Custodian, you must receive and review applicable assignments from the Transferor Servicer

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prior to submitting the [Form 1034T](#) to Freddie Mac and by the certification due date. Note recertification is not required

The procedure is the same for transfers of custody, except that the Transferor Servicer must deliver the signed [Form 1034T](#) to the Transferee Document Custodian within 30 days following the transfer.

Questions regarding the Document Custodian's role in the transfer process must be directed to the Servicer or DCO. Questions regarding the approval of a Document Custodian must be directed to Freddie Mac's Counterparty Credit Risk Management (CCRM).

-  The Effective Date of Transfer for a Subsequent TOS is always the 16th day of the month
-  The Transferee and Transferor Document Custodian must receive at least 30-days prior notice from the Servicer or Freddie Mac of a transfer of custody. Freddie Mac can require an immediate transfer

Evidence of Transferee Document Custodian Approval

As the Transferor Document Custodian, must verify that Freddie Mac approved the Transferee Document Custodian to hold Freddie Mac Notes and assignments for the Transferee Servicer. A copy of the first page and the signature page(s) of a fully executed [Form 1035](#) evidences this approval. The Transferor Document Custodian must never move the files to another Document Custodian without this evidence.

Transferor Document Custodian Responsibilities

Within 30-days of the Effective Date of Transfer, the Transferor Document Custodian must receive from the Transferor Servicer:

- A copy of the executed Form 981 evidencing approval of the transfer.
- [Form 1034T](#) listing all Notes included in the TOS.
- A properly prepared and recorded assignment for each Note.
- A copy of the first page and the signature page of a fully executed [Form 1035](#).

The Transferor Document Custodian must:

- Verify that Freddie Mac has approved the transfer and that there is an executed [Form 1035](#) for that Servicer/Transferee Document Custodian relationship, and
- Forward the [Form 1034T](#) and the Notes along with the newly prepared assignments to the Transferee Document Custodian.

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Transferee Document Custodian Responsibilities

Within 30-days of the Effective Date of Transfer, the Transferee Custodian must receive from the Transferor Custodian the original [Form 1034T](#) listing all Notes included in the TOS, the Notes and all Note file contents, including all assignments.

The Transferee Document Custodian must:

1. Ensure that the [Form 1035](#) has been approved by Freddie Mac prior to receipt of the Notes and assignments.
2. Verify the following data on the [Form 1034T](#) to the data on the Notes:
 - Borrower's Name
 - Property address (number and street, city, state)
 - Freddie Mac loan number, if present on the face of the Note; otherwise, validate the Freddie Mac loan number against data in electronic files or records provided by the Transferee Servicer.
3. Verify that the chain of Note endorsements begins with the original payee of the loan and ends with an endorsement in blank.
4. Verify that the chain of Note assignments begins with the original payee and ends with an assignment to the Transferee Servicer or that there is evidence that the loan is registered with MERS. See [Guide Section 22](#) for details.
5. Notify the Transferee Servicer of any discrepancies with the Notes and assignments and must not certify until resolved by the Transferee Servicer.
6. Once all issues are resolved and recertification is complete, forward the original [Form 1034T](#) to Freddie Mac within 180-days of the Effective Date of Transfer for a TOS or 180-days of receipt of written notice of a transfer of custody. See [Guide Section 56.9\(b\)](#) and Chapter 3 of this Handbook.



The Transferor Document Custodian must cooperate with the Transferee Document Custodian to effect a smooth and orderly transfer. It is the responsibility of the Transferor Document Custodian to work with the Transferor and Transferee Servicers, the Transferee Document Custodian and DCO, as necessary, to cure all document deficiencies prior to recertification of the Notes. If you have questions, contact the Servicer

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Transfers of Servicing of MERS Registered Mortgages

If the TOS is ...	And the Mortgage was ...	Then the Transferee Document Custodian Needs ...
MERS member to MERS member	Recorded in MERS' name via a standard assignment	<ul style="list-style-type: none"> ▪ The original assignments to MERS ▪ Any Intervening Assignments from transfers occurring before the Mortgage was registered on MERS ▪ Notice that the Transferee Servicer will hold the assignments for all its MERS-Registered Mortgages; no assignments are required
	Originated on a security instrument that named MERS as Mortgage of Record	<ul style="list-style-type: none"> ▪ Notice from the Transferor Document Custodian or Transferee Servicer that the Mortgage was closed with MERS as Mortgagee of Record ▪ Any Intervening Assignments from transfers including prior transfers that involved Servicers that were not members of MERS
Non-MERS member to MERS member	Recorded in MERS' name via a standard assignment	<ul style="list-style-type: none"> ▪ The recorded assignment to MERS (usually from Transferor Servicer to MERS, if the Transferor and Transferee Servicers both agree to forego the assignment from the Transferor to the Transferee Servicer, and the assignment from the Transferee Servicer to MERS) ▪ Any Intervening Assignments
	Closed on a security instrument that named MERS as original Mortgagee of Record	This scenario should not happen for recently originated mortgages
To MERS member that holds the	Originated on a security instrument that named MERS as original	<ul style="list-style-type: none"> ▪ Notice that the Transferee Servicer will hold the assignments for all its MERS-registered

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If the TOS is ...	And the Mortgage was ...	Then the Transferee Document Custodian Needs ...
assignments for MERS-registered Mortgages	Mortgagee of Record or Recorded in MERS' name via a standard assignment	mortgages; no assignments are required
MERS member to non-MERS member	Recorded in MERS' name via a standard assignment or Closed on a security instrument that named MERS as Mortgagee of Record	<ul style="list-style-type: none"> ▪ Recorded assignment from MERS to the Transferee Servicer ▪ Any Intervening Assignments from servicing transfers that occurred before the Mortgage was registered on MERS

Termination of Custodial Agreement

If you receive notice that your [Form 1035](#) is to be terminated, you must forward the Notes and assignments you hold to a Transferee Document Custodian as instructed by the Servicer and/or Freddie Mac. [Form 1036](#), Request for Release of Documents is not used for this type of Note release. You will receive notification from Freddie Mac concerning the termination and concerning where the Notes should be delivered.

You are not released from your obligations pursuant to [Form 1035](#) until recertification of the transferred Notes is complete, which may be up to 180-days following physical transfer of the Notes.

Extension Approval

If recertification of Notes cannot be completed by the 180-day deadline, the Transferee Document Custodian must notify DCO prior to the deadline and request an extension. The request must include a detailed description of the issues outstanding for each Note, and actions taken to resolve the issue. Your request must also indicate the Seller/Servicer number, contact name, address, phone number and email address. The Servicer is ultimately responsible for delivering the [Form 1034T](#) to us.



The Transfer of Servicing Extension Request and Issues Log is available at <http://www.freddiemac.com/cim/forms.html>