

# Job Aids

## Contents

<b>Topic</b>	<b>Page</b>
Fixed Rate Note	<b>2</b>
Adjustable Rate Note (5 Year Treasury Index)	<b>5</b>
Adjustable Rate Note (1 Year Treasury Index)	<b>9</b>
Intitial Interest Adustable Rate Note	<b>15</b>
Balloon Note	<b>20</b>
Chain of Assignments and Endorsements	<b>25</b>
Third-Party Reconciliation Reports	<b>26</b>

# Job Aid – 1 Fixed Rate Note

## NOTE

Freddie Mac Loan Number (1)

Note Date (2)

[Date]

[City]

[State]

Property Street (3)

Property City (4)

Property State (5)

Zip Code (6)

[Property Address]

### 1. BORROWER'S PROMISE TO PAY

Original Loan Amount (7)

In return for a loan that I have received, I promise to pay U.S. \$ \_\_\_\_\_ (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is \_\_\_\_\_. I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

### 2. INTEREST

Original Interest Rate (8)

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of \_\_\_\_\_%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

### 3. PAYMENTS

#### (A) Time and Place of Payments

Original P&I Payment Date (9)

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the \_\_\_\_\_ day of each month beginning on \_\_\_\_\_, \_\_\_\_\_. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on \_\_\_\_\_, 20\_\_\_\_, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

Original Maturity Date (10)

I will make my monthly payments at \_\_\_\_\_ or at a different place if required by the Note Holder.

#### (B) Amount of Monthly Payments

Original P&I Amount (11)

My monthly payment will be in the amount of U.S. \$ \_\_\_\_\_.

### 4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

**5. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

**6. BORROWER’S FAILURE TO PAY AS REQUIRED**

**(A) Late Charge for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by the end of \_\_\_\_\_ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \_\_\_\_\_% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

**(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

**(C) Notice of Default**

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

**(D) No Waiver By Note Holder**

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

**(E) Payment of Note Holder’s Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys’ fees.

**7. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

**8. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

**9. WAIVERS**

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. “Presentment” means the right to require the Note Holder to demand payment of amounts due. “Notice of Dishonor” means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

**10. UNIFORM SECURED NOTE**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

**Borrower Name (12)** (Seal)  
\_\_\_\_\_  
- Borrower

**Co-Borrower Name (13)** (Seal)  
\_\_\_\_\_  
- Borrower

\_\_\_\_\_  
(Seal)  
- Borrower

*[Sign Original Only]*

# Job Aid – 2 Adjustable Rate Note

## ADJUSTABLE RATE NOTE (5 Year Treasury Index - Rate Caps)

Freddie Mac Loan Number (1)

**THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.**

[Note Date (2)] \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
[Date] [City] [State]

[Property Street (3)] [Property City (4)] [Property State (5)] [Zip Code (6)]  
[Property Address]

### 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ [Original Loan Amount (7)]  
(this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is \_\_\_\_\_ I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

### 2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of \_\_\_\_\_ % [Original Interest Rate (8)]. The interest rate I will pay will change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

### 3. PAYMENTS

#### (A) Time and Place of Payments

I will pay principal and interest by making a payment every month. [Original P&I Payment Date (9)]  
I will make my monthly payment on the first day of each month beginning on \_\_\_\_\_, I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, [Original Maturity Date (10)]  
on \_\_\_\_\_, 20\_\_\_\_, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at \_\_\_\_\_ or at a different place if required by the Note Holder.

#### (B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. \$ [Original P&I Amount (11)]. This amount may change.

#### (C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

**4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

**(A) Change Dates**

The interest rate I will pay may change on the first day of First Rate Adjustment Date (14), \_\_\_\_\_, and on that day every 60th month thereafter. Each date on which my interest rate could change is called a "Change Date."

**(B) The Index**

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of five years, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

Index Lookback days (16)

Index Source (15)

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

**(C) Calculation of Changes**

Before each Change Date, the Note Holder will calculate my new interest rate by adding Note Margin (17) percentage points ( \_\_\_\_\_ %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%) Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

Interest Rate Rounded (18)

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

**(D) Limits on Interest Rate Changes**

The interest rate I am required to pay at the first Change Date will not be greater than

1<sup>st</sup> Rate Adjustment Max Rate (19) \_\_\_\_\_ %

or less than 1<sup>st</sup> Rate Adjustment Min Rate (20) \_\_\_\_\_ %.

Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding 60 months. My interest

rate will never be greater than Life-of-Loan Max Rate (22) \_\_\_\_\_ %.

Periodic Interest Rate Cap (21)

**(E) Effective Date of Changes**

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

**(F) Notice of Changes**

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

**5. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payment unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase.

## **6. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

## **7. BORROWER'S FAILURE TO PAY AS REQUIRED**

### **(A) Late Charges for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by the end of \_\_\_\_\_ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \_\_\_\_\_% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### **(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

### **(C) Notice of Default**

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

### **(D) No Waiver By Note Holder**

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

### **(E) Payment of Note Holder's Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

## **8. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

## **9. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

**10. WAIVERS**

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

**11. UNIFORM SECURED NOTE**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

**Borrower Name (12)** \_\_\_\_\_ (Seal)

- Borrower

**Co-Borrower Name (13)** \_\_\_\_\_ (Seal)

- Borrower

\_\_\_\_\_ (Seal)

- Borrower

*[Sign Original Only]*

# Job Aid – 3 Adjustable Rate Note (Convertible)

## ADJUSTABLE RATE NOTE

Freddie Mac Loan Number (1)

(1-Year Treasury Index - Rate Caps - Fixed Rate Conversion Option)  
(Assumable during Life of Loan unless Converted - Convertible 1st through 5th Change Date)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY. THIS NOTE ALSO CONTAINS AN OPTION TO CONVERT MY ADJUSTABLE INTEREST RATE TO A FIXED RATE.

**Note Date (2)** \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
[Date] [City] [State]

**Property Street (3)** \_\_\_\_\_ **Property City (4)** \_\_\_\_\_ **Property State (5)** \_\_\_\_\_ **Zip Code (6)** \_\_\_\_\_  
[Property Address]

### 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ **Original Loan Amount (7)** (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is \_\_\_\_\_  
\_\_\_\_\_. I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

### 2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of \_\_\_\_\_% **Original Interest Rate (8)**. The interest rate I will pay will change in accordance with Sections 4 or 5 of this Note.

The interest rate required by this Section 2 and Sections 4 or 5 of this Note is the rate I will pay both before and after any default described in Section 8(B) of this Note.

### 3. PAYMENTS

#### (A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the first day of each month beginning on **Original P&I Payment Date (9)**, \_\_\_\_\_  
\_\_\_\_\_. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of

its scheduled due date and will be applied to interest before Principal. If, on **Original Maturity Date (10)**, \_\_\_\_\_  
\_\_\_\_\_, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at \_\_\_\_\_

\_\_\_\_\_ or at a different place if required by the Note Holder.

#### (B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. \$ **Original P&I Amount (11)**.  
This amount may change.

**(C) Monthly Payment Changes**

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Sections 4 or 5 of this Note.

**4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

**(A) Change Dates**

The interest rate I will pay may change on the first day of First Rate Adjustment Date (14), \_\_\_\_\_, and may change on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

**(B) The Index**

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date Index Lookback days (16) 45 days before each Change Date is called the "Current Index."

Index Source (15)

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

**(C) Calculation of Changes**

Before each Change Date, the Note Holder will calculate my new interest rate by adding Note Margin (17) \_\_\_\_\_ percentage point(s) ( \_\_\_\_\_ %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

Interest Rate Rounded (18)

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

**(D) Limits on Interest Rate Changes**

The interest rate I am required to pay at the first Change Date will not be greater than 1<sup>st</sup> Rate Adjustment Max Rate (19) % or less than 1<sup>st</sup> Rate Adjustment Min Rate (20) %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than

Periodic InterestRate Cap (21)

\_\_\_\_\_ percentage point(s) ( \_\_\_\_\_ %) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than

Life-of-Loan Max Rate (22)

Periodic Interest Rate Cap (21)

**(E) Effective Date of Changes**

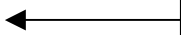
My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

**(F) Notice of Changes**

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

**5. FIXED INTEREST RATE CONVERSION OPTION**

Convertibility (23)



**(A) Option to Convert to Fixed Rate**

I have a Conversion Option which I can exercise unless I am in default or this Section 5(A) will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by this Note from an adjustable rate with interest rate limits to the fixed rate calculated under Section 5(B) below.

The conversion can only take place on a date(s) specified by the Note Holder during the period beginning on the first Change Date and ending on the fifth Change Date. Each date on which my adjustable interest rate can convert to the new fixed rate is called the "Conversion Date."

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (i) I must give the Note Holder notice that I want to do so; (ii) on the Conversion Date, I must not be in default under the Note or the Security Instrument; (iii) by a date specified by the Note Holder, I must pay the Note Holder a conversion fee of U.S. \$ \_\_\_\_\_; and (iv) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

**(B) Calculation of Fixed Rate**

My new, fixed interest rate will be equal to the Federal Home Loan Mortgage Corporation's required net yield as of a date and time of day specified by the Note Holder for (i) if the original term of this Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus three-eighths of one percentage point (0.375%), or (ii) if the original term of this Note is 15 years or less, 15-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus three-eighths of one percentage point (0.375%). If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my interest rate by using comparable information. My new rate calculated under this Section 5(B) will not be greater than the Maximum Rate stated in Section 4(D) above.

**(C) New Payment Amount and Effective Date**

If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full on the Maturity Date at my new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount as my monthly payment until the Maturity Date.

**6. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payment unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase.

## 7. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

## 8. BORROWER'S FAILURE TO PAY AS REQUIRED

### (A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of \_\_\_\_\_ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \_\_\_\_\_% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

### (B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

### (C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

### (D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

### (E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

## 9. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

## 10. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

## 11. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

## 12. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

**(A) UNTIL I EXERCISE MY CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION 5 ABOVE, UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT IS DESCRIBED AS FOLLOWS:**

**Transfer of the Property or a Beneficial Interest in Borrower.** As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**(B) IF I EXERCISE MY CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION 5 ABOVE, UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT DESCRIBED IN SECTION 12(A) ABOVE SHALL THEN CEASE TO BE IN EFFECT, AND UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT SHALL INSTEAD BE DESCRIBED AS FOLLOWS:**

**Transfer of the Property or a Beneficial Interest in Borrower.** As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

**Borrower Name (12)** \_\_\_\_\_ (Seal)  
- Borrower

**Co-Borrower Name (13)** \_\_\_\_\_ (Seal)  
- Borrower

\_\_\_\_\_ (Seal)  
- Borrower

*[Sign Original Only]*

# Job Aid – 4 Initial Interest Adjustable Rate Note

Freddie Mac Loan Number (1)

## INITIAL INTEREST<sup>SM</sup> ADJUSTABLE RATE NOTE (1-Year LIBOR Index - Rate Caps) (Assumable during Life of Loan)(45 Day Lookback)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

**Note Date (2)**, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
[Date] [City] [State]

**Property Street (3)** **Property City (4)** **Property State (5)** **Zip Code (6)**  
[Property Address]

### 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ **Original Loan Amount (7)** (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is \_\_\_\_\_. I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

### 2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of \_\_\_\_\_%. The interest rate I will pay will change in accordance with Section 4 of this Note.

**Original Interest Rate (8)**

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

### 3. PAYMENTS

#### (A) Time and Place of Payments

I will make a payment every month on the first day of the month beginning on \_\_\_\_\_, \_\_\_\_\_. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and if the payment consists of both principal and interest, it will be applied to interest before

**Original P&I Payment Date (9)**

Principal. If, on **Original Maturity Date (10)**, \_\_\_\_\_, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make \_\_\_\_\_ monthly payments at \_\_\_\_\_ or at a different place if required by the Note Holder.

#### (B) Amount of My Initial Monthly Payments

Before the first fully amortizing principal and interest payment due date stated in subsection (C) below (the "First P&I Payment Due Date"), my monthly payments will be only for the interest due on the unpaid principal of this Note.

Each of my initial monthly payments will be in the amount of U.S. \$ **Original P&I Amount (11)**. This amount may change in accordance with subsection (C) below.

**Original P&I Amount (11)**

**(C) Monthly Payment Changes**

**Modification/Conversion Date (24)**

The First P&I Payment Due Date is the first day of \_\_\_\_\_, \_\_\_\_\_.

Prior to the First P&I Payment Due Date, my monthly payment may change to reflect changes in the interest rate I must pay in accordance with Section 4 of this Note or to reflect changes in the unpaid principal of my loan in accordance with Section 5 of this Note. Beginning with the First P&I Payment Due Date my monthly payment will change to an amount sufficient to repay the principal and interest at the rate described in Section 4 of this Note.

Before the effective date of any change in my monthly payment, the Note Holder will deliver or mail to me a notice of the change in accordance with Section 8 of this Note. The notice will include the title and telephone number of a person who will answer any question I may have regarding the notice.

**4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

**(A) Interest Change Dates**

**First Rate Adjustment Date (14)**

The interest rate I will pay may change on the first day of \_\_\_\_\_, \_\_\_\_\_, and may change on that day every 12th month thereafter. Each date on which my interest rate could change is called an "Interest Change Date."

**(B) The Index**

**Index Source (15)**

Beginning with the first Interest Change Date, my interest rate will be based on an Index. The "Index" is the one-year London Interbank Offered Rate ("LIBOR") which is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market, as published in *The Wall Street Journal*. The most recent Index figure available as of the date 45 days before each Interest Change Date is called the "Current Index."

**Index Lookback days (16)**

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

**(C) Calculation of Changes**

**Note Margin (17)**

Before each Interest Change Date, the Note Holder will calculate my new interest rate by adding \_\_\_\_\_ percentage point(s) (\_\_\_\_\_% ) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Interest Change Date.

The Note Holder will then determine the amount of my monthly payment. For

**Interest Rate Rounded (18)**

payment adjustments occurring before the First P&I Payment Due Date, my monthly payment will be the amount sufficient to repay all accrued interest each month on the unpaid principal balance at the new interest rate. For payment adjustments occurring on or after the First P&I Payment Due Date, my monthly payment will be an amount sufficient to repay the unpaid principal that I am expected to owe at the Interest Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

**(D) Limits on Interest Rate Changes**

The interest rate I am required to pay at the first Interest Change Date will not be greater than

**1<sup>st</sup> Rate Adjustment Max Rate (19)**

**1<sup>st</sup> Rate Adjustment Min Rate (20)**

\_\_\_\_\_% or less than \_\_\_\_\_%. Thereafter, my interest rate will never be increased or decreased on any single Interest Change Date by more than \_\_\_\_\_ percentage point(s) (\_\_\_\_\_% )

**Periodic Interest Rate Cap (21)**

from the rate of interest I have been paying for the preceding 12 months. My interest rate will

**Life-of-Loan Max Rate (22)**

never be greater than \_\_\_\_\_%.

**(E) Effective Date of Changes**

My new interest rate will become effective on each Interest Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Interest Change Date until the amount of my monthly payment changes again.

**(F) Notice of Changes**

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

**5. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payment unless the Note Holder agrees in writing to the changes.

If I make a partial Prepayment during the period ending with the due date of my last interest only monthly payment, my partial Prepayment will reduce the amount of my monthly payment. If I make a partial Prepayment after the last interest only monthly payment, my partial Prepayment may reduce the amount of my monthly payments beginning with the monthly payment due after the Interest Change Date following the partial Prepayment. After the first Interest Change Date, any reduction due to my partial Prepayment may be offset by an interest rate increase.

**6. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

**7. BORROWER'S FAILURE TO PAY AS REQUIRED**

**(A) Late Charges for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by the end of \_\_\_\_\_ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \_\_\_\_\_% of my overdue payment of interest during the period when my payment is interest only, and of principal and interest after that. I will pay this late charge promptly but only once on each late payment.

**(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

**(C) Notice of Default**

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

**(D) No Waiver by Note Holder**

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

**(E) Payment of Note Holder's Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

**8. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

**9. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

**10. WAIVERS**

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

**11. UNIFORM SECURED NOTE**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

**Transfer of the Property or a Beneficial Interest in Borrower.** As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

**Borrower Name (12)** \_\_\_\_\_ (Seal)  
- Borrower

**Co-Borrower Name (13)** \_\_\_\_\_ (Seal)  
- Borrower

\_\_\_\_\_ (Seal)  
- Borrower

*[Sign Original Only]*

# Job Aid – 5 Fixed Rate Balloon Note

## BALLOON NOTE (FIXED RATE)

Freddie Mac Loan Number (1)

**THIS LOAN IS PAYABLE IN FULL AT MATURITY. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER.**

Note Date (2)

[Date]

[City]

[State]

Property Street (3)

Property City (4)

Property State (5)

Zip Code (6)

[Property Address]

### 1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ Original Loan Amount (7) (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is \_\_\_\_\_ . I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

### 2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of \_\_\_\_\_ %.

Original Interest Rate (8)

The interest rate required by Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

### 3. PAYMENTS

#### (A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payments on the \_\_\_\_\_ day of each month beginning on \_\_\_\_\_.

Original P&I Payment Date (9)

I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If,

on \_\_\_\_\_, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

Original Maturity Date (10)

I will make my monthly payments at \_\_\_\_\_

\_\_\_\_\_ or at a different place if required by the Note Holder.

#### (B) Amount of Monthly Payments

My monthly payments will be in the amount of U.S. \$ \_\_\_\_\_.

Original P&I Amount (11)

#### **4. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying any Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

#### **5. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sum already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

#### **6. BORROWER'S FAILURE TO PAY AS REQUIRED**

##### **(A) Late Charges for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by the end of \_\_\_\_\_ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \_\_\_\_\_% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

##### **(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

##### **(C) Notice of Default**

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

##### **(D) No Waiver By Note Holder**

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

##### **(E) Payment of Note Holder's Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

#### **7. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.



**BALLOON NOTE ADDENDUM  
(CONDITIONAL RIGHT TO REFINANCE)**

THIS BALLOON NOTE ADDENDUM is made this \_\_\_\_\_ day of Original Note Date, \_\_\_\_\_, and is incorporated into and shall be deemed to amend and supplement the Balloon Note made by the undersigned (the "Borrower") in favor of \_\_\_\_\_ (the "Lender") and dated the same date as this Addendum (the "Note"). The interest Rate stated on the Note is called the "Note Rate." The date of the Note is called the "Note Date."

I (the Borrower) understand the Lender may transfer the Note, the related Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") and this Addendum. The Lender or anyone who takes the Note, Security Instrument and this Addendum by transfer and who is entitled to receive payments under the Note is called the "Note Holder."

**ADDITIONAL COVENANTS.** In addition to the covenants and agreements in the Security Instrument, Borrower, and Lender, further covenant and agree as follows (despite anything to the contrary contained in the Security Instrument or the Note):

**1. CONDITIONAL RIGHT TO REFINANCE**

**Conditional Right to Refinance Maturity Date**

At the maturity date of the Note and Security Instrument (the "Note Maturity Date"), I will be able to obtain a new loan ("New Loan") with a new Maturity Date of \_\_\_\_\_, \_\_\_\_\_, (the "New Maturity Date") and with an interest rate equal to the "New Loan Rate" determined in accordance with Section 3 below if all the conditions provided in Sections 2 and 5 below are met (the "Conditional Refinance Option"). If those conditions are not met, I understand that the Note Holder is under no obligation to refinance the Note, or to modify the Note, reset the Note Rate, or extend the Note Maturity Date, and that I will have to repay the Note from my own resources or find a lender willing to lend me the money to repay the Note.

**2. CONDITIONS TO OPTION**

If I want to exercise the Conditional Refinance Option, certain conditions must be met as of the Note Maturity Date. These conditions are: (a) I must still be the owner and occupant of the property subject to the Security Instrument (the "Property"); (b) I must be current in my monthly payments and cannot have been more than 30 days late on any of the 12 scheduled monthly payments immediately preceding the Note Maturity Date; (c) there are no liens, defects, or encumbrances against the Property, or other adverse matters affecting title to the Property (except for taxes and special assessments not yet due and payable) arising after the Security Instrument was recorded; (d) the New Loan Rate cannot be more than 5 percentage points above the Note Rate; and (e) I must make a written request to the Note Holder as provided in Section 5 below.

**3. CALCULATING THE LOAN NOTE RATE**

The New Loan Rate will be a fixed rate of interest equal to the Federal Home Loan Mortgage Corporation's required net yield for 30-year fixed rate mortgages subject to a 60-day mandatory delivery commitment, plus one-half of one percent (0.5%), rounded to the nearest one-eighth of one percent (0.125%) (the "New Loan Rate"). The required net yield shall be the applicable net yield in effect on the date and time of day that the Note Holder receives notice of my election to exercise the Conditional Refinance Option. If this required net yield is not available, the Note Holder will determine the New Loan Rate by using comparable information.

**4. CALCULATING THE NEW PAYMENT AMOUNT**

Provided the New Loan Rate as calculated in Section 3 above is not greater than 5 percentage points above the Note Rate and all other conditions required in Section 2 above are satisfied, the Note Holder will determine the amount of the monthly payment that will be sufficient to repay in full (a) the unpaid principal, plus (b) accrued but unpaid interest, plus (c) all other sums I will owe under the Note and Security Instrument on the Note Maturity Date (assuming my monthly payments then are current, as required under Section 2 above), over the term of the New Loan at the New Loan Rate in equal monthly payments. The result of this calculation will be the amount of my new principal and interest payment every month until the New Loan is fully paid.

**5. EXERCISING THE CONDITIONAL REFINANCE OPTION**

The Note Holder will notify me at least 60 calendar days in advance of the Note Maturity Date and advise me of the principal, accrued but unpaid interest, and all other sums I am expected to owe on the Note Maturity Date. The Note Holder also will advise me that I may exercise the Conditional Refinance Option if the conditions in Section 2 above are met. The Note Holder will provide my payment record information, together with the name, title and address of the person representing the Note Holder that I must notify in order to exercise the Conditional Refinance Option. If I meet the conditions of Section 2 above, I may exercise the Conditional Refinance Option by notifying the Note Holder no earlier than 60 calendar days and no later than 45 calendar days prior to the Note Maturity Date. The Note Holder will calculate the fixed New Loan Rate based upon the Federal Home Loan Mortgage Corporation's applicable published required net yield in effect on the date and time of day notification is received by the Note Holder and as calculated in Section 3 above. I will then have 30 calendar days to provide the Note Holder with acceptable proof of my required ownership, occupancy and property lien status. Before the Note Maturity Date the Note Holder will advise me of the new interest rate (the New Loan Rate), new monthly payment amount and a date, time and place at which I must appear to sign any documents required to complete the required refinancing. I understand the Note Holder will charge me a \$250 processing fee and the costs associated with the exercise of the Conditional Refinance Option, including but not limited to the cost of updating the title insurance policy.

BY SIGNING BELOW, BORROWER accepts and agrees to the terms and covenants contained in this Balloon Note Addendum.

**Borrower Name (12)** \_\_\_\_\_ (Seal)  
- Borrower

**Co-Borrower Name (13)** \_\_\_\_\_ (Seal)  
- Borrower

\_\_\_\_\_ (Seal)  
- Borrower

*[Sign Original Only]*


## Job Aid – 6 Chain of Assignments and Endorsements

The following charts show two chains of assignments and endorsement scenarios. Remember, each chain must be reviewed separately.

Acceptable			
Loan History	Assignment	Endorsement	Explanation
1. A sells Note to B	A to B	A to B	Prior to sale to Freddie Mac, assignment and endorsement must be the same
2. B sells Note to C	B to C	B to C	
3. C sells Note to Freddie Mac		C to Blank	After sale to Freddie Mac, endorsement must be prepared in blank and <b>no further endorsements are allowed</b>
4. C transfers Servicing to D	C to D	No change	The recorded assignment chain must continue from Servicer to Servicer
5. D transfers Servicing to E	D to E	No change	

Unacceptable			
Loan History	Assignment	Endorsement	Explanation
1. G sells Note to H	G to H	G to H	Prior to sale to Freddie Mac, assignment and endorsement must be the same
2. H sells Note to Freddie Mac		H to Blank	Sale to Freddie Mac, endorsement must be prepared in blank. <b>No further endorsements are allowed</b>
3. H transfers Servicing to I	H to I	H to I	<b>Error: The blank endorsement was incorrectly completed to Servicer I.</b> <b>To Correct: H must void the endorsement, then H must re-endorse Note in blank.</b> The recorded assignment chain must continue from Servicer to Servicer.

## Job Aid 7 - Third-Party Reconciliation Reports

<p><b>Basic Requirements</b></p>	<p>As Custodian, you are responsible for safeguarding Freddie Mac Notes. Freddie Mac requires that you maintain an independent tracking system of all Notes that you hold for Freddie Mac.</p> <p>If you hold Notes for more than one Freddie Mac Seller/Servicer, or for a Seller/Servicer that uses more than one Seller/Servicer number, you must be able to track Notes by Seller/Servicer number.</p> <p>Please follow the instructions below to reconcile your tracking system. Create a corrected inventory list and send it to us to continue the reconciliation process.</p>
<p><b>Using Your Report</b></p>	<p>Your Reconciliation Report and these instructions are tools to help you resolve the differences between the Notes our records indicate you should be holding, and Notes you actually have.</p>
<p><b>Reconciliation Report</b></p>	<p><b>Categories of Discrepancies on The Reconciliation Report</b></p> <p>Your <i>Reconciliation Report</i> sorts each of the discrepancies we found between your data and ours into the following categories.</p> <p>#1. Loan has paid off: These notes should no longer be associated with Freddie Mac</p> <p>#2. Loan not in 3<sup>rd</sup> party list: You did not report a Note that you should be holding. These instructions will help you determine which of the reasons listed below apply and what to do to resolve it.</p> <ul style="list-style-type: none"> <li>▪ Loan sold to us after you generated your data</li> <li>▪ Note missing from prior transfers of servicing</li> <li>▪ Note you sent out for action has not been returned and you moved it from your system in error</li> <li>▪ Participation Notes</li> <li>▪ Lost Notes</li> </ul> <p>#3. Loan erroneously in note tracking database: You reported a Note that you should not be holding, or there is no such Loan Number in our database. Your report shows that we have already determined the problem, and we have sorted the loans in this category into one of three subcategories:</p> <ul style="list-style-type: none"> <li>- Notes that should be held by a different Custodian</li> <li>- Notes that should be held by DCO</li> <li>- Loan Number is invalid</li> </ul> <p>Follow the instructions for each category to resolve the discrepancy.</p> <p>#4. Note attributed to wrong Seller/Servicer: You are authorized to hold the Note, but your tracking system associates it with the wrong Seller/Servicer.</p> <p>#5. Custodian # is <u>9999999</u>: These note(s) should be returned to DCO.</p> <p>The loan numbers in each of these categories and subcategories are further sorted by Seller/Servicer number for the convenience of the Custodians reporting loan numbers for multiple Seller/Servicers.</p>
	<p>Begin by reviewing the categories of discrepancies your Reconciliation Report contains, and determine whether or not you will need to contact your Servicer and possibly other parties. If you do need to contact others, please factor that into the 30-day timeframe.</p>

## Job Aid 7 - Third-Party Reconciliation Reports, continued

### Explanations of the Third Party Reconciliation Report Columns

Column Name	Description
FM Loan #	Freddie Mac loan number.
Funding Date	Date the loan was funded by Freddie Mac (actual date Freddie Mac purchased the loan)
Loan Status	Current status of the loan per our records (Active, Delinquent, Foreclosure or REO)
PARTN	<p>Is this a Participation Mortgage?</p> <p>N = Not participation (Freddie Mac owns 100% of the loan)</p> <p>Y = Participation (Freddie owns less than 100% of the loan)</p> <p>If the loan is a participation, the correct location of the Note depends on when it was sold to us:</p> <ul style="list-style-type: none"> <li>Loans sold to Freddie Mac before 1974 - 1987: Notes may be stored in the Servicer's fire resistant file cabinets and a copy in the Mortgage file</li> <li>Loans sold to Freddie Mac between 1987 - 1991: Notes may be held by DCO or the Notes must be held by the current Custodian.</li> <li>Loans sold after 1991: Notes can be held either by the Custodian or DCO, depending on the existing Servicer – Custodian agreement.</li> </ul>
Location	<ul style="list-style-type: none"> <li><b>3PTY</b> – A third-party or self-custodian should hold the Note. Depending on the existing Seller/Servicer – Custodian agreement, this could mean the Note should be with you or a different Custodian.</li> <li><b>PNDG</b> – The Note should be at DCO. DCO returned the Note to the Seller/Servicer for a reason other than payoff. The Seller/Servicer returned the Notes to you in error; forward the Notes to DCO.</li> <li><b>DCO</b> – The Note should be at DCO.</li> </ul>
Servicer	Freddie Mac assigned number for the Seller/Servicer under contract with Freddie Mac to service the loan.
Custodian	Freddie Mac assigned number for the Custodian that is authorized by contract to hold Notes for the current Servicer. However, when the Note Location shows “PNDG”, your Custodian number appears in this column erroneously. DCO holds these Notes.

## Job Aid 7 - Third-Party Reconciliation Reports, continued

### Explanations of the Third Party Reconciliation Report Columns, continued

Discrepancy Type	Instructions
<p><b>Category # 1</b></p> <p><b>Loan Status is Paid Off</b></p>	<p>Loans listed in this category have paid off according to Freddie Mac’s system: We no longer own the debt and you do not hold the Notes on our behalf.</p> <p>Once the Servicer has notified and paid Freddie Mac the outstanding loan balance. Freddie Mac no longer owns the loan. The Servicer must comply with applicable state law to return the Notes.</p> <p>You must receive a Form 1036 from the Servicer before you can release a Note.</p> <p><b>Action:</b></p> <ul style="list-style-type: none"> <li>• Make appropriate corrections to your note tracking system</li> <li>• <b>Do not include these loan numbers in the next Note Inventory you send us.</b></li> </ul>
<p><b>Category #2</b></p> <p><b>Loan Not in 3<sup>rd</sup> Party List</b></p>	<p>Loans listed in this category should have been on your Note Inventory but were not: you should be holding these Notes.</p> <p>Some common reasons the loans may not appear in your Note Inventory are below. Please determine the reason for each loan and follow the instructions.</p> <ul style="list-style-type: none"> <li>• <b>The Seller/Servicer sold us the loans after you generated your Note Inventory.</b> These are in a separate subcategory titled “Loans sold to us after you generated your data” and will show a “funding” date later than the date you generated your data.</li> </ul> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. Verify that your tracking system now contains these Loan Numbers and you have the Notes.</li> <li>2. If you do not have the Notes, contact your Seller/Servicer and arrange to get them and certify them.</li> <li>3. Include these Loan Numbers in the next note inventory you send us.</li> </ol> <ul style="list-style-type: none"> <li>• <b>You haven’t yet received Notes from prior transfers of Servicing.</b></li> </ul> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. If you do not have the Notes, contact your Seller/Servicer and arrange to get them. You may have to work with the previous Custodian. Once you receive the Notes, please contact DCO to find out how much time remains for recertification of the transfer.</li> <li>2. Add these loan numbers to your tracking system.</li> <li>3. Include these loans in the next Note Inventory you send us.</li> </ol>

## Job Aid 7 - Third Party Reconciliation Reports, continued

### Explanations of the Third Party Reconciliation Report Columns, continued

Discrepancy Type	Instructions
<p>Category #2, continued</p> <p>Loan Not in 3<sup>rd</sup> Party List</p>	<ul style="list-style-type: none"> <li>• <b>You returned a Note to your Servicer for some action (other than a payoff) and have not yet received it back.</b></li> </ul> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. Check your outstanding Forms 1036 for evidence that the Note is still outstanding.</li> <li>2. Contact the Servicer to see if they still need the Note. <ul style="list-style-type: none"> <li>▪ <i>If they no longer need the Note</i>, arrange to have it sent back to you.</li> <li>▪ <i>If they still need it</i>, verify that your tracking system reflects that the Note is being held by the Servicer. Your tracking system should also indicate when the Note is returned.</li> </ul> </li> <li>3. Update your tracking system and include these loans in the next Note Inventory you send to us.</li> <li>4. If you find that one of the loans <b>has</b> paid off, do not add the Loan Number to your tracking system or next Note Inventory.</li> </ol> <p><b>NOTE:</b> Periodically send your Seller/Servicer a list of the Notes they have not returned with a reminder to return them as soon as they are not needed.</p> <ul style="list-style-type: none"> <li>• <b>The Note is Lost</b></li> </ul> <p>Occasionally, a Note is misplaced or lost. If this is the case, <b>follow these steps:</b></p> <ol style="list-style-type: none"> <li>1. Search for the Note, and ask the Servicer look in the Mortgage file.</li> <li>2. Ask the Servicer to prepare and execute a Lost Note Affidavit (LNA). See Chapter 3 of this handbook. (The Servicer is required to have their attorney review the LNA form and modify it to meet the applicable State requirements. At a minimum, all the information contained in the draft document must be included in the LNA which the Servicer executes.)</li> <li>3. Make appropriate corrections to your tracking system.</li> <li>4. Include these loans in the next Note Inventory you send to us.</li> </ol> <ul style="list-style-type: none"> <li>• <b>Location Status indicates PNDG</b></li> </ul> <p>Loans with a “Pending” status are an exception to this category of Notes. DCO is responsible for these Notes under an arrangement that pre-dates your Custodial agreement. DCO sent the Notes to the Seller/Servicer for action and they have not been returned to DCO. We believe the Servicer may have incorrectly returned these Notes to you, their current Custodian.</p> <p>You should not accept Notes for which you have not performed a certification, nor should these Notes be in your vault.</p>

## Job Aid 7 - Third Party Reconciliation Reports, continued

### Explanations of the Third Party Reconciliation Report Columns, continued

Discrepancy Type	Instructions
<p><b>Category #2,</b> <i>continued</i></p> <p><b>Loan Not in 3<sup>rd</sup> Party List</b></p>	<p><b>Location Status indicates PNDG, <i>continued</i></b></p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. Pull the Notes from your vault for return to DCO</li> <li>2. Pull the assignments for return to the Servicer</li> <li>3. Create a list of the associated Loan Numbers</li> <li>4. Complete the top half of the “Transfer of Notes to DCO” form</li> <li>5. Send the Notes, loan list and “Transfer” form to DCO in insured overnight mail.</li> <li>6. Send the assignments and a copy of the completed “Transfer of Notes to DCO” form to the Servicer with instructions to complete the bottom of the form and return it to DCO.</li> <li>7. Update your tracking system.</li> </ol>
<p><b>Category #3</b></p> <p><b>Loan Not Matching Note Tracking Database</b></p>	<p>Your note inventory lists these loan numbers, but you should not have the associated Note in your custody. The most common reasons for the discrepancy are</p> <ul style="list-style-type: none"> <li>• <b>The Loan Number is invalid.</b> These Loan Numbers will be marked on your report as “Not Found.” <b>Action:</b> <ol style="list-style-type: none"> <li>1. Contact the Servicer to determine what the Freddie Mac loan number should be by researching the Servicer’s Loan Number.</li> <li>2. If you determine that the invalid Freddie Mac loan number was entered into your tracking system, correct your system and include the loan number on the next note inventory you send us.</li> <li>3. If you determine that the invalid loan number is not associated with an actual Note in your vault, simply remove it from your tracking system.</li> <li>4. Delete the invalid loans from the next Note Inventory you send us.</li> </ol> </li> <li>• <b>DCO holds the Notes.</b> Your <i>Reconciliation</i> Report will show these loan numbers with a Location of “DCO” and a Custodian “9999999.” <b>Action:</b> <ol style="list-style-type: none"> <li>1. Pull the Notes from your vault for return to DCO</li> <li>2. Pull the assignments for return to the Seller/Servicer</li> <li>3. Create a list of the associated loan numbers</li> <li>4. Complete the top half of the “Transfer of Notes to DCO” form</li> <li>5. Send the Notes, loan list and “Transfer” form to DCO in insured overnight mail. Send the assignments and a copy of the completed “Transfer of Notes to DCO” form to the Servicer with instructions to complete the bottom of the form and return it to DCO.</li> <li>6. Update your tracking system</li> <li>7. Delete these loan numbers from the next note inventory you send us</li> </ol> </li> </ul>

## Job Aid 7 - Third Party Reconciliation Reports, continued

### Explanations of the Third Party Reconciliation Report Columns, continued

Discrepancy Type	Instructions
<p><b>Category #3</b> <i>continued</i></p> <p><b>Loan Not Matching Note Tracking Database</b></p>	<ul style="list-style-type: none"> <li>• <b>Another Third Party (or Servicer serving as a Self-Custodian) is the Custodian.</b> These Notes are identified by “3PTY” in the “Location” column and the “Custodian” column will show a number that is not yours. Since most of these discrepancies are due to transfers of servicing, the Servicer column may show a different number than what you reported on your note inventory.</li> </ul> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. Locate the Notes and assignment to send to the correct Custodian.</li> <li>2. Complete the top of the “Transfer of Notes and Custodial Re-Cert” form.</li> <li>3. Create a list of Freddie Mac loan numbers of the Notes being moved; if the Notes are for more than one Servicer, sort the loan numbers by Seller/Servicer number.</li> <li>4. Send the Notes, appropriate documentation including assignments, “Transfer of Notes” form, and list of loan numbers by insured overnight mail to the correct Custodian (the correct Custodian contact name and address is on the “Transfer of Notes” form).</li> <li>5. Send a copy of the executed statement and loan number list to DCO.</li> <li>6. Update your tracking system and delete these loan numbers from the next note inventory you send us.</li> <li>7. If you need to send the Notes to more than one Custodian, follow the above steps for each. A “Transfer” form for each Custodian involved is included.</li> </ol>
<p><b>Category #4</b></p> <p><b>Wrong Servicer Number</b></p>	<p>These errors are identified by loans that show your number in the “Custodian” column, but the “Servicer” column shows that our system associates the loan with a different Servicer.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. Correct your note tracking system to show the correct Servicer.</li> <li>2. Include these loans and the correct Servicer in the next note inventory you send us.</li> </ol>