

Document Custodial Options and Requirements

Chapter

1

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Document Custodial Options and Requirements

Introduction

A Seller/Servicer selling Mortgages to Freddie Mac must deliver the Notes, assignments, and related documents to you, according to the Freddie Mac Single-Family Seller/Servicer Guide (Guide). This chapter describes relationships, duties and responsibilities among the Document Custodian, the Seller/Servicer, and Freddie Mac for certifying and safeguarding our Notes.

The Designated Custodian has been qualified by Freddie Mac to be an approved Document Custodian with which Servicers may contract for custodial services. The Designated Custodian is referred to in this chapter only as a custodial option. References to “Document Custodian” in this chapter are deemed to include the Designated Custodian as appropriate.

Document Custodians

Seller/Servicers must select either Freddie Mac’s Designated Custodian or another Freddie Mac approved Document Custodian for the Mortgages sold and/or serviced for each Seller/Servicer number. See [Guide Sections 2202.1](#) and [6304.1](#).

The following chart identifies the general requirements for each Custodian option.

Document Custodian	Contract Requirements	Document Requirements
Designated Custodian	Requires a fully executed Form 1035DC , Designated Custodial Agreement: Single-Family Mortgages.	Seller sends Notes, supplemental documents and Intervening Assignments to the Designated Custodian.
Third-Party Document Custodian	Requires approval from Freddie Mac and a fully executed Form 1035 , Custodial Agreement: Single-Family Mortgages.	Seller sends Notes, supplemental documents and Intervening Assignments to the Third-Party Document Custodian.
Self-Custodian	Requires approval from Freddie Mac and a fully executed Form 1035, Custodial Agreement: Single-Family Mortgages.	Seller sends Notes, supplemental documents and Intervening Assignments to its trust department, which has trust powers granted by its primary regulator.

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Seller/Servicer and Document Custodian should enter into a written agreement regarding Document Custodian's charges and fees for document custodial services (e.g., Note certification, storage, release and copying); however, the agreement may not contain terms that conflict with the Form 1035 or this Handbook, such as Freddie Mac's ability to gain access to the Notes without the Seller/Servicer's consent.

Compensation for custodial services is the sole responsibility of the Servicer, except in certain circumstances involving Interim Servicers. See [Guide Sections 2202.1](#) and [6304.1](#). A Document Custodian may not act in a manner that might adversely affect Freddie Mac or its interests, or fail to perform its custodial duties because of non-payment by a Seller/Servicer.

A Document Custodian's vault will be assigned only one Document Custodian number, regardless of the number of Seller/Servicers relationships for which it holds Notes for Freddie Mac. Each relationship between a Seller/Servicer and a third-party or self-custodian requires a separate Document Custodial Agreement. Mortgages sold under a particular Seller/Servicer number will automatically be associated with the Document Custodian that certifies the Note at delivery. A Seller/Servicer must have a separate Seller/Servicer number for each custodial relationship. See [Guide Sections 2202.1, 2202.3](#) and [6304.1](#).



Document Custodians with more than one vault will need a separate Freddie Mac Document Custodian number for each vault.

The agreements that govern the certification and safeguarding of Notes sold to Freddie Mac are the Custodial Agreement: Single-Family Mortgages (Form 1035), a tri-party agreement between Freddie Mac, the Seller/Servicer, and the Document Custodian, and the Designated Custodial Agreement: Single-Family Mortgages ([Form 1035DC](#)), a tri-party agreement among Freddie Mac, the Seller/Servicer, and the Designated Custodian. By executing the Form 1035, the Seller/Servicer and the Document Custodian represent and warrant to each other and to Freddie Mac that the Document Custodian satisfies our document custody eligibility requirements, found in [Form 1035](#), this Handbook and the Guide, as they may be amended from time to time. See [Form 1035](#) and [Guide Section 2202.3](#) for more information. If a Document Custodian fails to maintain or comply with the eligibility requirements (see [Guide Sections 2202.5](#) and [8107.1 \(b\)](#)), the Seller/Servicer must contact SF Counterparty Compliance & Eligibility (SF C&E) ([Guide Directory 1](#)) immediately at:

Attn: SF Counterparty Compliance & Eligibility
Freddie Mac SF C&E
1551 Park Run Drive, McLean, VA 22102-3110
Phone: (571) 382-3434 Opt. 2
Fax: (866) 743-0087

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Eligibility

The Document Custodian eligibility requirements appear in [Section 2202.2](#) of the Guide. An institution must meet the requirements found within Section 2202.2 for Freddie Mac to approve it as a Document Custodian including, but not limited to, being a financial institution that is supervised and regulated; meeting Freddie Mac's Minimum Acceptable Net Worth requirement or investment grade rating as defined; and performing the document custody function in a trust department that is established and operated under trust powers granted by the Document Custodian's primary regulator.

Application and Approval Process

A Seller/Servicer electing to use a Document Custodian other than the Designated Custodian must contact SF C&E to apply for approval.

The applicant institution must contact SF C&E for information on the application process and the required documentation. When the necessary documentation is received, SF C&E will review it to determine whether to grant approval, and notify both the Seller/Servicer and applicant of its decision. See [Guide Sections 2202.2](#) and [2202.3](#) for eligibility criteria and further information.

We will send a copy of the fully executed [Form 1035](#) to both the Seller/Servicer and Document Custodian for their records. See [Guide Section 2202.3](#). The Seller/Servicer must receive an original, fully executed Form 1035 from Freddie Mac before the:

- Seller/Servicer delivers any documents to a Document Custodian pursuant to [Guide Section 6301.8](#), or
- Document Custodian accepts any documents from a Seller/Servicer.

Access to the Selling System/Document Custodian Roles

In connection with use of the selling system, the Document Custodian must provide information to Freddie Mac regarding Document Custodian's authorized selling system users and their designated user roles by completing and submitting [Form 901](#), Document Custodian Selling System Authorized User Identification and Certification Form, for each Seller with which the Document Custodian has established a custodian relationship, in accordance with [Guide Section 2202.3](#).

Upon receipt of the completed form, Freddie Mac will assign user roles in the selling system and issue user IDs and/or passwords to authorized users.

See [Guide Sections 2402.8](#) and [2402.11](#) for information on system security and user access, respectively.

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Annual Reporting

Each year, each Document Custodian must complete the Annual Document Custodian Eligibility Certification (Document Custodian annual report) and submit it to SF C&E, together with any other information that Freddie Mac may request. See [Form 1035](#).

Concurrent with submission of its [Form 16SF](#), Annual Eligibility Certification Report, to CCRM, Seller/Servicer certifies its Document Custodian continues to meet all the Document Custodian eligibility requirements stated in the Guide. Seller/Servicers must also submit any other information that Freddie Mac may request. See [Form 1035](#) and [Guide Section 2101.10](#) for more information.

Terminating the Custodial Relationship

Any party to a [Form 1035](#) may terminate it upon proper written notice to the other parties. Upon such notice, all Freddie Mac Notes must be transferred to a new approved Document Custodian or the Designated Custodian within 30 days as described in Chapter 5 of this Handbook and [Guide Sections 2202.6](#) and [7101.9](#). The Document Custodian being terminated must fulfill the custodial duties until all Notes have been transferred to and recertified by the Transferee Document Custodian.

Freddie Mac may terminate any Document Custodial Agreement among Freddie Mac, a Seller/Servicer and a Document Custodian in our sole discretion upon 30 days written notice.

Freddie Mac may terminate a Form 1035 immediately if:

1. We modify our requirements for document custody,
2. A Seller/Servicer:
 - Is suspended or disqualified, or
 - Is unable to comply with our eligibility standards, or
 - Performs unsatisfactorily

or

3. A Document Custodian, in Freddie Mac's sole judgment:
 - Does not meet the eligibility requirements or criteria for custody, or
 - Performs unsatisfactorily, or
 - If any circumstance occurs or exists that might adversely affect the Document Custodian or our Notes or assignments or the interests of Freddie Mac.

See [Guide Sections 2202.1](#), [6304.1](#), [2202.6](#) and [7101.9](#) and Section 8 of Form 1035 for more information.