

Freddie Mac

Document Custody Procedures Handbook

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Preface

This Handbook is intended to supplement the requirements and information in Freddie Mac's Single-Family Seller/Servicer Guide (the "Guide," which is one of the Purchase Documents). The Guide has priority over this Handbook, so that any conflict between them, such as may occur when the Guide is updated or amended, should be resolved to favor the Guide. Similarly, conflicts between the Guide and [Form 1035](#), the Document Custodial Agreement, are resolved to favor the Guide; thus, Form 1035 need not be re-executed or amended to reflect changes in the Guide. We intend to update the Handbook periodically.

Capitalized terms used in the Handbook are defined in the Guide; however, please note that certain terms and phrases, including the following, may be used differently in the Handbook:

- **"Assignment"** refers to the Intervening Assignments and includes any instrument used to assign the security instrument to Freddie Mac. See [Guide Sections 2202.1](#) and [6304.1](#).
- **"Form 1034"** may refer collectively to all versions or to a specific version, as the context requires. Because the Handbook assumes that Mortgages are delivered to Freddie Mac through the selling system, most references will be to Form 1034E, the version of Custodial Certification Schedule used for selling system deliveries. [Form 1034T](#), Subsequent Transfer Custodial Certification Schedule, summarizes information for Mortgages transferred in a Transfer of Servicing or transfer of custody.
- **"Mortgage file"** refers to the Servicer's file.
- **"Note"** refers to the instrument evidencing a Borrower's indebtedness, and includes any Power of Attorney or modifying instrument, such as a modification agreement, conversion agreement, and assumption of liability or release of liability agreement. "Notes" may also refer to all documents held for Freddie Mac, as the context requires.
- **"Note file"** refers to the Document Custodian's file and the documents retained in that file pursuant to the Form 1035, Document Custodial Agreement.
- **"Seller/Servicer"** refers to the entity primarily or exclusively selling Mortgages to, or servicing Mortgages for, Freddie Mac. We have tried to use either the term "Seller" or "Servicer" where that is more accurate. However, absent a Transfer of Servicing, the same entity may be both Seller and Servicer, although you may be interacting with different personnel. Using this convention should help clarify the different roles.

- Throughout the Handbook, **'you'** and **'your'** refer to the Document Custodian.

Freddie Mac does not provide direct document custodial services to Seller/Servicers. However, Freddie Mac does perform oversight of document custody program requirements and overall management of the certification processes and requirements. As such, all Document Custodians will continue to submit to Freddie Mac the following completed and executed forms, as applicable:

- In connection with the sale of Mortgages to Freddie Mac through selling system, Form 1034E, Custodial Certification Schedule, upon verifying the documents and performing the certifications required in accordance with [Guide Sections 2202.4, 6304.3](#) and [8107.2](#)
- [Form 1034T](#), Subsequent Transfer Custodial Certification Schedule, upon performing the verifications and certifications in connection with a Transfer of Servicing or transfer of custody

Freddie Mac ([Guide Directory 9](#)) will:

- Process requests for assistance with Mortgage discharges, satisfactions, and releases of lien or similar and other matters related to the chain of title for Mortgages owned by Freddie Mac when we are identified as the lien holder in the land records. Please use the Request for Assistance form found on our web page at <http://www.freddiemac.com/cim/docex.html>.
- Process MERS Transfer of Beneficial Rights and resolve issues concerning transactions affecting Freddie Mac on the MERS registration system.

Servicers may contract with Freddie Mac's Designated Custodian instead of contracting with another Freddie Mac-approved Document Custodian. Except as otherwise required by the context, references in this Handbook to "Document Custodian" include the Designated Custodian.

For information on certification and custody of mortgages originated in whole or in part electronically, please refer to Freddie Mac's eMortgage Guide, found on Freddie Mac's website at http://www.freddiemac.com/singlefamily/elm/pdf/eMortgage_Guide.pdf. Selling, Servicing, and acting as Document Custodian for eMortgages for Freddie Mac requires special contract provisions.

We hope that you find this Handbook helpful, and we would like to hear from you regarding any comments and questions that you have about your status as a Freddie Mac Document Custodian and the custodial duties and functions.

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.

Document Custodial Options and Requirements

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

Document Custodial Options and Requirements

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.

Document Custodial Options and Requirements

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.

Duties and Responsibilities

Chapter 2

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Duties and Responsibilities

Compliance and Controls

The Document Custodian must certify the Notes and assignments delivered by a Seller/Servicer and safeguard the Notes and assignments as required by the Guide, [Form 1035](#) and this Handbook and adhere to the highest professional and ethical standards.

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

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

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

Duties and Responsibilities

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

Custodial Functions	Compliance Controls
Hold Notes and assignments in trust for the benefit of Freddie Mac	Do not enter into any understanding, agreement or relationship with any party to obtain, retain or claim any interest, including ownership or security, in Mortgages owned by Freddie Mac, unless specifically approved in writing, in advance by us.
Maintain custody and control of the Notes and assignments	<ul style="list-style-type: none"> • Track Notes held for Freddie Mac in accordance with Note tracking requirements set forth in the Guide and this Handbook • Affix the Freddie Mac loan number to the Note, if advised by the Seller/Servicer that Freddie Mac requires it • Physically segregate Freddie Mac Notes from those held for other investors, if advised by Freddie Mac to do so <p>See Guide Sections 2202.1, 2202.4, 6304.1, 6304.3 and 8107.2 for further information.</p>
Certify Notes, supplemental documents and assignments	See Chapter 3 of this Handbook for detailed information.
Release physical possession of documents or transfer constructive possession of documents to Servicer	See Chapter 4 of this Handbook for detailed information.
Release documents to Transferee Document Custodian	See Chapter 5 of this Handbook for detailed information.



If a Note cannot be found in the vault after the Document Custodian has received and certified it, the Document Custodian should contact Freddie Mac for instructions. See [Guide Directory 9](#).

Duties and Responsibilities

The chart below identifies the minimum standards for the Document Custodian to maintain its eligibility as a Document Custodian and properly certify and safeguard the Notes. See [Guide Sections 2202.1](#) and [6304.1](#).

Standard	Activity or Requirement
<p>Employ internal controls and use prudent business practices to safeguard and maintain our Notes and assignments.</p>	<ul style="list-style-type: none"> • Provide fire-resistant storage with a minimum of two hours protection. See Guide Section 2202.2. • Provide fire extinguishers or other fire retardant equipment or devices in vaults. • Restrict access to the vault to personnel with appropriate credentials, i.e., Secure ID, PIN, etc., or individuals escorted by personnel with appropriate credentials. • Maintain a visitors' log of, and provide an escort to, anyone accessing the vault and/or portions of the building where custodial activities are conducted.
<p>Employ staff that is knowledgeable in handling Notes and assignments, and performing other custodial duties, including access to and use of the Freddie Mac selling system. See Guide Sections 2202.2 and 2402.11.</p>	<p>Provide access to our reference materials and publications, including:</p> <ul style="list-style-type: none"> • The Guide (available on AllRegs) • This Handbook • The Document Custody website: http://www.freddiemac.com/service/cim • Bulletins and Industry Letters <p>Obtain access to the selling system and ensure access security.</p>
<p>Self-Custodians' document custody functions must be separate from Mortgage origination, selling, or servicing. See Guide Section 2202.2.</p>	<p>The document custody department and staff must be independently and separately managed from any functional area that performs Mortgage origination, selling, or servicing, and must maintain separate records, files and operations.</p>

Duties and Responsibilities

Standard	Activity or Requirement
<p>Develop and maintain an independent document tracking and reporting system to monitor Notes and assignments, to track Note releases, constructive possession and returns, and to identify physical location of Notes. See Guide Section 2202.2.</p>	<ul style="list-style-type: none"> • Include the Freddie Mac loan number in the Note tracking system. The Document Custodian must reference the Freddie Mac loan number on all correspondence and related documents. <ul style="list-style-type: none">  If the Freddie Mac loan number begins with a “0”, the “0” must be included in your Note tracking system. • Include the Servicer’s loan number in the system. • Cross-reference the Freddie Mac loan number for each Mortgage with the Servicer’s loan number. • Document Custodian’s Note tracking system must be separate and independent of the Servicer’s systems. <ul style="list-style-type: none">  We do not use the contract number after funding. The Freddie Mac loan number tracks subsequent loan transactions, including Transfers of Servicing.  Periodically, you will be required to provide an electronic list of the Freddie Mac loan numbers for all Notes you hold. You will be provided with details concerning file format, and where and when to send the file. Please provide the complete 9-digit loan number, including any preceding zeros, to avoid having the Mortgage flagged as an invalid loan number if feedback is provided regarding submitted file, DC must work with Freddie Mac Document Custody Operations and Servicers to resolve in a timely manner.

Duties and Responsibilities

Activity	Requirement
Maintain and regularly update written procedures. See Guide Section 2202.2 .	Compare your procedures to this Handbook, the Guide, and Forms 1034T, 1035, and 1036 to ensure that they meet our requirements.
Maintain a disaster recovery (business continuity) plan. See Guide Section 2202.2 .	<p>Your plan must include:</p> <ul style="list-style-type: none"> • Immediate (within 24 hours) notice to Freddie Mac if your facility is affected by a disaster, <ul style="list-style-type: none"> • Notify the following email address: loan_delivery_funding_ops@freddiemac.com • A process for physical recovery/restoration of documents, • Plans to recover tracking system data, including electronically maintained information, • Relocation/restoration of facilities to ensure ability to perform custodial functions, and • Periodic, at least annual, testing and updating of the plan. <ul style="list-style-type: none"> • Notify the following email address that testing has been completed: loan_delivery_funding_ops@freddiemac.com
Submit Annual Document Custodian Eligibility Certification. See Form 1035 .	<p>To maintain eligibility, submit the Annual Document Custodian Eligibility Certification each year.</p> <p>Contact: institutional_eligibility@freddiemac.com</p>
Terminate custodial relationship with Servicer.	<p>See Chapter 1 of this Handbook for further information.</p> <p> As Document Custodian, you are responsible for facilitating a smooth transfer of all Notes, assignments and supplemental documents.</p>

Duties and Responsibilities

Changes to Institution Information

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

Event	Description
Document Custodian address change	<p>Certain changes will necessitate a new Form 1035. For instance, if you move Notes held for one or more Servicers to a new vault, but will continue to maintain the Notes for other Servicers at the old vault, you will need an additional Document Custodian number and Form 1035 that documents the relationship between your new vault and the particular Seller/Servicer numbers supported there.</p> <ul style="list-style-type: none"> <li data-bbox="748 890 1406 1020">  Moving Notes (except pursuant to a Form 1036, Request for Physical or Constructive Possession of Documents, or its equivalent) requires prior approval by Freddie Mac. <li data-bbox="748 1056 1442 1186">  All Freddie Mac Notes associated with a particular Seller/Servicer number must be held in the same Document Custodian vault, or with the Designated Custodian. <li data-bbox="748 1222 1438 1318">  Each Document Custodian location must have a unique Freddie Mac-assigned Document Custodian number.
Changes in Document Custodian name, organization, eligibility or operational contact names, e-mail address, and phone number	<p>Provide written notification to:</p> <p style="padding-left: 40px;">Attn: SF Counterparty Compliance and Eligibility Freddie Mac SF C&E 1551 Park Run Drive McLean, VA 22102-3310</p>

Duties and Responsibilities

Insurance Coverage

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

- **Errors and Omissions Insurance** covering claims resulting from the Document Custodian's breach of duty, neglect, errors and omissions, misstatement, misleading statements or other wrongful acts committed in the conduct of document custodial services.
- **Financial institution bond** or equivalent insurance covering any loss resulting from employee dishonesty, physical damage or destruction to, or loss of any Notes or assignments while these documents are located on the Document Custodian's premises.
- **Transit Insurance Coverage:** Notes that move between Document Custodians, from one vault to another, or between a Document Custodian and a Servicer, must be covered by transit insurance. If Document Custodian and Seller/Servicer agree in writing that the Document Custodian will assume liability for the Notes during the move, then the Document Custodian must maintain insurance that covers physical damage to and destruction or loss of the Notes. If there is no written agreement allocating liability, then the Seller/Servicer is liable for the Notes and must obtain insurance as described in [Guide Sections 2202.5](#) and [8107.1\(b\)](#).

For additional information, see [Guide Sections 2202.2, 2202.5](#) and [8107.1\(b\)](#).

Document Delivery and Processing Procedures

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Document Delivery and Processing Procedures

Background

Document Custodians must verify certain information contained in the Notes and related documents for the Mortgages sold to Freddie Mac and certify those verifications and that the documents are original. We refer to this process as “certification” or “certifying” the Notes.

This chapter details our requirements for certifying Notes delivered to Freddie Mac, including those sold with a Concurrent Transfer of Servicing. For information on Subsequent Transfers of Servicing, see [Guide Section 7101.1](#) and Chapter 5 of this Handbook. Unless the Document Custodian receives a copy of the Purchase Documents between the Seller/Servicer and Freddie Mac, (including the first page with the Seller/Servicer number, the pages with the exceptions detailed, and the signature pages), the Document Custodian must not deviate from the requirements of this Handbook or the Guide.

The information in this chapter is intended to help you fulfill your responsibilities as an approved Document Custodian. This Handbook is a reference tool that complements Freddie Mac’s Single-Family Seller/Servicer Guide. It does not replace the requirements in the Guide, and in the event of a conflict, the Guide controls.

Before you may accept a delivery of Notes from a Seller, Freddie Mac must approve you as a Document Custodian for the Servicer that will service the Mortgages. Refer to Chapter 1 of this Handbook for additional information on becoming an approved Document Custodian.

Sellers may use independent delivery agents, particularly for bulk or seasoned loan portfolio sales. If such an agent contacts you or you receive loan data with respect to the Mortgages from a third party, you must ask to see written evidence of its relationship with the Seller, such as a copy of the first and signature pages of their contract with the Seller or the paragraph in the Freddie Mac Master Commitment that recognizes the agency arrangement. You may rely on the representations of such an agent as if the Seller made them, as the Seller remains liable for the accuracy and completeness of all data. Contact Freddie Mac if you have any questions regarding delivery by an agent. See [Guide Directory 9](#).

Document Delivery and Processing Procedures

Documents to be Verified

The Seller must deliver to you, as the approved Document Custodian, the Note, any applicable assignments, and the related documentation for each Mortgage it is selling to Freddie Mac. The Form 1034E or Note Delivery Cover Sheet will accompany each delivery of Notes. You may also receive documents that provide additional Note terms, clarify legal terms, and/or complete the required documentation for a particular Mortgage, such as:

- Addendum to the Note
- Agreement to Convert
- Assumption Agreement
- Modification Agreement
- Power of Attorney
- Name Affidavit
- Signature Affidavit

An Allonge, because it is physically a part of the Note, is not technically a supplemental document, and endorsements made on the Allonge, must be delivered as part of the Note.

Verification Requirements

Upon receipt of a delivery of Notes from the Seller, you must

- Verify the data. The information on each Note must match the corresponding information in the selling system or applicable Form 1034.
- Verify the Note. The Note must be original and complete. The Note must also be originated on a Fannie Mae/Freddie Mac, a Freddie Mac, or a Fannie Mae Uniform Instrument. See <http://www.freddiemac.com/uniform/> for a complete list of current Uniform Instruments.
- Verify the chain of endorsements (Note).
- Verify the chain of assignments (security instrument).

Once you have verified the accuracy of the data and that the documents comply with our requirements, you may certify the loan. Certification is complete in the selling system when you

- Indicate in the selling system that you have certified individual loans or loans in batch; or
- Have submitted proposed data corrections to the Seller, and the Seller accepts the proposed changes.

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Data Verification

The table below lists the data elements requiring verification for all Notes. You must compare these data elements in the selling system to the information contained on each applicable Note.



Freddie Mac systems and publications are not always consistent in their terminology. In the table below, we list the various terms for the same data elements in the following order: selling system (Form 1034E).



The parenthetical numbers in the data elements column correspond to the numbered boxes on Job Aids 1-3.



Freddie Mac does not require that the Freddie Mac loan number be affixed to the face of the Note in most circumstances. See [Guide Sections 2202.4](#) and [8107.2\(a\)](#).

Alternative Document Custodian Verification Process

When a Seller submits the Notes and assignments to the Document Custodian prior to receiving the associated electronic data that will be provided to Freddie Mac, the alternative verification process described below will be deemed to satisfy the Note certification requirements:

- (A) Prior to delivering a Note to the Document Custodian, Seller captures all Note information that the Document Custodian is required to certify and transmits such data (“Seller’s loan data”) electronically to the Document Custodian;
- (B) Upon receiving a Note, the Document Custodian independently verifies that the information on the Note matches Seller’s loan data;
- (C) Upon receipt of the data delivery in the selling system, the Document Custodian conducts an electronic comparison of Seller’s loan data previously verified by the Document Custodian, to the selling system data (except that the Document Custodian is not required to verify the Seller/Service loan number). Based on this comparison, the Document Custodian notifies the Seller of any issues and enters the appropriate certification status in the selling system to complete the certification, once any issues are resolved; and
- (D) The Document Custodian has computer and other systems to verify that:
 - (i) The Seller’s loan data includes all the data fields that are included in the selling system; and
 - (ii) The Seller’s loan data as of the Delivery Date is the same as the selling system data used to certify the Mortgage;

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- (iii) For each Living Trust Note, the Seller's loan data includes the delivery of the Primary and any Secondary Non-Individual Borrower Type and the Primary and any Secondary Non-Individual Name. The Document Custodian must enhance its alternative verification process such that Living Trust loan data imported from the selling system is recognized and properly compared to loan data contained in the Document Custodian's system. Until such enhancements are implemented, the Document Custodian must use process "work-arounds" to support the certification of Living Trust Notes. For additional information regarding the certification of Living Trust Notes, please see Chapter 3, or contact Freddie Mac. See [Guide Directory 9](#).

Uniform Loan Delivery Dataset (ULDD)

At the direction of our regulator, the Federal Housing Finance Agency, Freddie Mac works with Fannie Mae on the Uniform Mortgage Data Project, an initiative to enhance the accuracy and quality of loan data each GSE requires at loan delivery.

The Uniform Loan Delivery Dataset (ULDD) based on the MISMO® Version 3.0 Reference Model (MISMO v3.0) defines the loan data points that must be delivered for each Mortgage and requires loan data to be delivered in the MISMO v3.0 format.

In 2012, the Freddie Mac selling system was updated with the new ULDD data field names and layout. To assist you, we prepared the following ULDD table, which lists all the data elements required for certification of Notes. Each of the data elements is expressed by the:

- Certification data element as it appeared in the selling system and the Form 1034 prior to April 23, 2012,
- Corresponding selling system screen ULDD name as it now appears, and
- Corresponding MISMO data point name. For each data element in the table, we have included the Freddie Mac verification instructions.

The parenthetical numbers in the first column of the table correspond to the numbered boxes on Job Aids 1-4 of Appendix A. Note that Freddie Mac no longer requires the Freddie Mac loan number be affixed to the face of the Note in most circumstances. See [Guide Sections 2202.4, 6301.3](#) and [8107.2\(a\)](#).

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ULDD Table

Old Certification Data Element Name	Selling System Screen Name	MISMO Data Point Name	Compare to Note
Freddie Mac loan number (1)	Freddie Mac loan number	InvestorLoanIdentifier	Nine-digit loan number, provided to the Seller by Freddie Mac (must appear in the upper right-hand corner of each Note, if required). If the Freddie Mac loan number is on the Note, it must be verified.
Note Date (2)	Note Date	NoteDate	The original Note Date that appears on the first page of the Note.
Property street (3)	Street Address	AddressLineText	<p>Street address for the Mortgaged Premises as indicated on the Note may include:</p> <ul style="list-style-type: none"> • Street type (e.g., Circle; Court; Avenue; Road; Boulevard), • Unit number, if applicable, and • Direction, if applicable (e.g., 123 <u>East</u> Main Street, 1000 Connecticut Avenue, <u>NW</u>). <p>Standard or obvious abbreviations for street type and direction are acceptable.</p> <p> Misspelled street designations are acceptable, provided that the intended word is still apparent. For example:</p> <ul style="list-style-type: none"> • "Road" spelled as "Raod"; • "Street" spelled as "Street"; or • "Circle" spelled as "Cricle" <p> For certain Mortgages, such as Construction to Permanent Mortgages, the street address on the Note may not be complete. Enter the discrepancy in the selling system, and contact the Seller for documentation confirming the street address to certify the Note.</p>
Property city (4)	City Name	CityName	City or town in which the Mortgaged Premises is located indicated on the Note.
Property state (5)	State Code	StateCode	State in which the Mortgaged Premises is located indicated on the Note.

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Old Certification Data Element Name	Selling System Screen Name	MISMO Data Point Name	Compare to Note
Property zip code (6)	Postal Code	PostalCode	<p>Postal Zip Code of the Mortgaged Premises indicated on the Note.</p>  <p>Zip Codes may change. If a Zip Code has been altered on the Note, it is not necessary for the Borrower to initial that change. If the Zip Code delivered in the selling system does not match the Zip Code on the Note, you may certify the Note if the U.S. Postal Service website (http://zip4.usps.com/zip4/welcome.jsp) confirms that the Zip Code delivered is correct for the property address. We recommend keeping a printout of the web page in the Note file</p>
Original Loan Amount (7)	Note Amount	NoteAmount	Original principal amount indicated on the Note. For Mortgages that have been modified or converted prior to delivery, the loan amount as of the modification or conversion. Our systems do not permit delivery of cents in this field. Sellers are instructed to omit cents. Document Custodians may certify loans where the loan amount on the Note differs from the loan amount on the Form 1034 by no more than one dollar. Dollar amounts in the selling system may be rounded up to the next dollar.
Original Interest Rate (8)	Note Rate Percent	NoteRatePercent	The original interest rate indicated on the Note.
Original P&I Payment Date (9)	Scheduled First Payment Date	ScheduledFirstPaymentDate	The Due Date of the first full principal and interest (P&I) payment indicated on the Note. For Mortgages that have been modified or converted prior to delivery, the due date of the first full P&I payment of the modified Mortgage as indicated in the modification or conversion agreement.
Original Maturity Date (10)	Loan Maturity Date	LoanMaturityDate	The date of the final P&I payment indicated on the Note.
Original P&I Payment (11)	Initial Principal and Interest Payment Amount	InitialPrincipalAndInterestPaymentAmount	The full monthly principal and interest (P&I) payment indicated on the Note. For modified or converted Mortgages, the monthly P&I payment in effect after the modification or conversion as specified in the modification or conversion agreement.

Document Delivery and Processing Procedures

Old Certification Data Element Name	Selling System Screen Name	MISMO Data Point Name	Compare to Note
Borrower name (12)	First Name	FirstName	First name, last name, middle name or initial of the first Borrower indicated on the Note.
	Last Name	LastName	
	Middle Name	MiddleName	
		BorrowerClassificationType	
Co-Borrower name (13)	First Name	FirstName	First name, last name, middle name or initial of Co-Borrower(s) indicated on the Note.  Effective 3/1/2016, certification of the first five Borrowers will be mandatory.
	Last Name	LastName	
	Middle Name	MiddleName	
		BorrowerClassificationType	
Modification/ Conversion Date (22)	Loan Modification Effective Date	LoanModificationEffectiveDate	<ul style="list-style-type: none"> For modified or converted Mortgages, the date on which the modification or conversion was effective. For one closing construction to permanent Mortgages, the due date of the first P&I payment of the permanent Mortgage. For Construction Conversion and Renovation Mortgages using Integrated Documentation, the Due Date of the first principal and interest payment of the Permanent Financing.
	Latest Conversion Effective Date	LatestConversionEffectiveDate	
Convertible (21)	Convertible Indicator	ConvertibleIndicator	Indicates whether the Mortgage has a feature that allows the adjustable interest rate to convert to a fixed rate. If the ARM is a Convertible ARM, the option to convert will be stated on the Note.
First rate adjustment date (14)	First Rate Adjustment Effective Date	PerChangeRateAdjustmentEffectiveDate	The First Change Date indicated on the Note.
Index Source (15)	Index Source Type	IndexSourceType	The source of the fluctuating economic indicator specified in the Note, the value of which is used to adjust the Note Rate periodically, such as the United States Treasury or London Interbank Offered Rate (LIBOR).

Document Delivery and Processing Procedures

Old Certification Data Element Name	Selling System Screen Name	MISMO Data Point Name	Compare to Note
Index Lookback Days (16)	Interest and Payment Adjustment Index Lead Days Count	InterestAndPayment AdjustmentIndexLead DaysCount	The number of days between the Interest Change Date and the date the Index value is determined. Expressed in the Note as the number of days before the Interest Change Date.  For most ARMs, the Lookback Period will be 45 days.
Note Margin (17)	Margin Rate Percent	MarginRatePercent	Percentage added to the Index value to determine the new interest rate (Note Rate) on each adjustment date.
Interest Rate Rounded (18)	Interest Rate Rounding Percent	InterestRateRounding Percent	The percentage to which the interest rate (Note Rate) will be rounded on each Interest Date. This amount will be .125% for all ARMs, unless another percentage or calculation is authorized in the Purchase Documents.
Periodic Interest Rate Cap (19)	Subsequent Rate Adjustment Maximum Increase Rate Percent	PerChangeMaximum IncreaseRatePercent AdjustmentRuleType	The maximum increase in the interest rate (Note Rate) on any Interest Change Date after the first Interest Change Date. Expressed as a percentage in the Note.
	Subsequent Rate Adjustment Maximum Decrease Rate Percent	PerChangeMaximum DecreaseRatePercent AdjustmentRuleType	The maximum decrease in the interest rate (Note Rate) on any Interest Change Date after the first Interest Change Date. Expressed as a percentage in the Note.
Life-of-loan max rate (20)	Ceiling Rate Percent	CeilingRatePercent	The maximum interest rate (Note Rate) to which an ARM may adjust over the life of the loan. Expressed as a percentage in the Note.



The “Selling System discrepancy to the Seller” screen may indicate a value for the Lifetime Floor that does not appear in the Note. If a value is stated in the Note and it does not equal the Margin value, you must not certify the Note and must report the discrepancy to the Seller.

If you discover discrepancies between any of the data elements in the selling system and the Note or other documentation, you must not certify the Note. You must enter the data discrepancy in the selling system or, if you and the Seller agree, you may use an alternate method to report discrepancies, even though references through this chapter direct you to enter the discrepancy in the selling system.

If you have proposed changes, the Seller may receive an email notice, or the Seller may monitor outstanding certification issues through the selling system. The Seller may accept or reject the proposed changes. If the Seller

Document Delivery and Processing Procedures

- Accepts all proposed changes and there are no document discrepancies outstanding, the Note will be automatically certified. You need not perform any further action to complete the certification.
- Rejects any of the proposed changes or documentation discrepancies, you must work with the Seller to resolve the issues.

Issue	Resolution
Borrower Name in the selling system differs from Note	<p>Enter the discrepancy in the selling system. The Seller must send you evidence of a name change or a Name Affidavit.</p>  See "Borrower's Signature" section below for further information concerning allowable variances.
Note data elements do not agree with the data in the selling system	<p>Enter the proposed changes to the data in the selling system. The Seller must either:</p> <ul style="list-style-type: none"> • Accept your changes, in which case no further action on your part is necessary; or • Reject your changes. You may not certify the Note unless the Seller provides you with corrected documentation.
Changes on Note; white-outs and cross-outs are not initialed by Borrowers	<p>Enter the discrepancy in the selling system and return Note to the Seller to have the Borrower initial all changes.</p> <p>Changes to Freddie Mac loan number, closing location, typed name under signature and Zip Code do not require Borrower's initials.</p>
Freddie Mac loan number is changed on the Note	<p>No action is required, provided that the Freddie Mac loan number that appears on the Note matches the Freddie Mac loan number in the selling system.</p>
FHA case number is changed or incorrect on the Note	<p>No action required. This is not a certified field.</p>
Seller reports experiencing a "fail" after you have certified the Note	<p>"Fails" may occur for a number of reasons not related to certification. Refer the Seller to 800-FREDDIE.</p>

Refer to the section **Enter Proposed Data Change and/or Document Discrepancy**, in the [Certifying Mortgages for Freddie Mac User Guide](#) to view the process for entering proposed data changes.

Document Delivery and Processing Procedures

Note Verification

The Note must be original and complete. **Freddie Mac will not accept Notes marked as "duplicate original," "corrected copy," or similar**, even if there is an original signature, or if the words "duplicate original" or "corrected copy" are crossed through with or without initials. If you receive such a Note, please contact Freddie Mac immediately at loan_delivery_funding_ops@freddiemac.com.

A Seller's Purchase Documents may permit certain variances from requirements, such as original Notes or Uniform Instruments. You must receive a copy of the relevant portion of the Seller's Purchase Documents that waive or supplement our standard Guide requirements before you may certify the Note.

Borrower's Signature

You must verify that the signature on the Note for each Borrower is an original ink signature. Signatures in pencil are not acceptable. Stamped or other non-traditional methods of signing may be acceptable in certain circumstances, such as the Borrower's physical impairment. In these cases, a Signature Affidavit or supporting documentation, such as a court order, is required.

Borrower names may appear on the Note first name first or last name first if the last name is followed by a comma. Such reversal of the first and last names on the Note may be certified, if there is no inconsistency between names identified in the delivery data.

Except for Living Trusts, there is no requirement that the Borrower's name be typed or printed under the signature line of the Note. However, the name as signed must not conflict with a name typed or printed under the signature. If the Borrower's name on the Note does not match the data in the selling system, it must be treated as oversigned or undersigned as described below.

If a Borrower initials one page of the Note, then those initials must appear on every page except the signature page. While there is no requirement that the Borrower initial the Note, you may not certify a Note where some pages of the Note are initialed and others are not.

There may be only one Note associated with each Mortgage: if one or more Borrowers cannot be present to execute the single signature page, the recommended approach is to use a Power of Attorney as provided in the Guide and described below. Freddie Mac will not accept Mortgages with two Notes or with a single Note and two sets of signature pages. Please contact Freddie Mac at loan_delivery_funding_ops@freddiemac.com should you encounter this situation.

Oversigning or Undersigning Documents

Borrowers may "oversign" or "undersign" their names.

- Oversigning occurs when something is included in the Borrower's signature that does not appear in the typed or printed name on the Note and/or in the selling system. Prefixes and suffixes such as "Mr.," "Mrs.,"

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“Ms.,” “Dr.,” and “MD,” “PhD,” “Sr.,” “Jr.” are not required to be certified, and may be considered oversigning.

- Undersigning occurs when the Borrower’s signature does not contain elements such as a middle name or initial that is included in the typed or printed name on the Note and/or in the selling system.

Oversigning and undersigning are acceptable and do not require a Name Affidavit or Signature Affidavit provided there is no conflict between the signed name and a typed or printed name on the Note and/or in the selling system.

You may encounter the following situations:

Acceptable	Unacceptable
<p>Signature <u>John Q. Public</u></p> <p>Typed Name John Quincy Public</p> <p>Signature is undersigned, but does not conflict with the typed name.</p>	<p>Signature <u>John Z. Public</u></p> <p>Typed Name John Quincy Public</p> <p>Signature conflicts with typed name. This is acceptable only if a signature affidavit is provided showing that John Quincy Public signs documents as John Z. Public.</p>
Acceptable	Unacceptable
<p>Signature <u>John Public</u></p> <p>Typed Name John Quincy Public</p> <p>Signature is undersigned, but does not conflict with the typed name.</p>	<p>Signature <u>John Q. Public</u></p> <p>Typed Name John Quincy Public, Trustee</p> <p>For a Borrower that is a living trust (may also be referred to as a inter vivos trust or revocable trust), the signatures of both the settlor and the trustee must appear on the Note. See signature by trustee below.</p>
Acceptable	Unacceptable
<p>Signature <u>John Quincy Public</u></p> <p>Typed Name John Q. Public</p> <p>Signature is oversigned, but does not conflict with the typed name.</p>	<p>Signature <u>John Quinn Public</u></p> <p>Typed Name John Quincy Public</p> <p>Signature conflicts with typed name. This is acceptable only if a Signature Affidavit is provided showing that John Quincy Public signs documents as John Quinn Public.</p>

Illegible Signature and Signature Contradictions

A Signature Affidavit or Name Affidavit is a notarized document that is required when the Borrower’s signature contradicts or is not consistent with a typed or printed name below the signature line on the Note or in the selling system. We prefer an original affidavit; however, a copy is acceptable.

If a Signature Affidavit is used, the signature on the affidavit must closely resemble the signature on the Note.

A Borrower’s illegible signature is acceptable if the typed or printed name on the Note and the Borrower’s name in the selling system match.

When the Borrower’s signature is illegible and there is no typed or printed name on the Note, enter this as a document discrepancy in the selling system. You will need to obtain copies of other legal documents, such as the Name Affidavit or

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Signature Affidavit that contain the Borrower name and signature, to compare. If they closely resemble each other, the signature is acceptable.

May be Acceptable	May be Acceptable
Signature  Typed Name John Quincy Public A Signature Affidavit or Name Affidavit must accompany this delivery, showing that John Q. Public's legal signature is "X".	Signature  Typed Name John Quincy Public A Signature Affidavit or Name Affidavit must accompany this delivery, showing that John Q. Public's legal signature is "□".
May be Acceptable	May be Acceptable
Signature is illegible and name is NOT typed under signature  Compare the signature to the signature on a Signature Affidavit or other legal, notarized document and match the typed name on that document to the name in the selling system.	Signature is illegible  Typed Name John Quincy Public Acceptable if the typed or printed name on Note matches the Borrower name in the selling system.

Signature by a Borrower that is a Living Trust

If a Note is secured by Mortgaged Premises held in a Living Trust (also referred to as an inter vivos or revocable trust), the Note must be signed by the Settlor(s) and by one or more Trustees on behalf of the trust as Borrower; the same person may sign in each role, or different people may sign. See [Guide Section 5103.5](#). The Note must clearly indicate the complete legal name of the Living Trust on the signature page(s).

 The Living Trust should be identified using the following format: "the _____ Trust, under Trust Agreement dated MM/DD/YYYY"

You may certify a Note with a Living Trust as the Borrower that uses a signature addendum (a form of Allonge) for the signature of the Trustee(s) only if there is not enough space on the Note for the signature(s) and:

1. Each Settlor (regardless of whether that person is also signed as a Trustee) signed the Note in an individual capacity on the Borrower's signature line--only Trustees' signatures may appear on the signature addendum;
2. The Note clearly references the existence of the signature addendum;
3. The signature addendum is permanently affixed to the Note (taping or pasting the signature addendum to the Note are not acceptable); and
4. The signature addendum references the Borrower, the Note Date, the address of the Mortgaged Premises, and the original principal balance of the Note.

 With respect to Living Trusts, the "Settlor" is the person who creates the trust, who may also be referred to as the "Grantor".

 The Document Custodian may ask to see the security instrument, or its first and signature pages, or trust documentation to verify the name of the trust.

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In the selling system, the Seller must deliver a Living Trust Note using the Non individual Borrower Type of "Living Trust". The Borrower name (e.g., "John Q. Public") is entered as unparsed text in the Non individual Borrower Name field. Within the Document Custodian's certification screen view of the selling system, the Borrower name appears in the Primary Borrower Name field exactly as entered which may differ from the normal view of Last, First, Middle.

Should there be a discrepancy between the Borrower name on the Note and the information in the selling system, click the "Enter Discrepancy" button, enter the full name of the person who signed as the Borrower shown on the Note in the Primary Non individual Borrower Name field and remove any entries in the First, Middle and Last name fields. For discrepancies relating to Secondary Borrowers that are Living Trusts, the same protocol would apply.

Acceptable		Acceptable	
Signature	<u>John Q. Public</u>	Signature	<u>John Q. Public</u>
Typed Name	John Quincy Public, Individually and as Trustee of the John Quincy Public Trust dated MM/DD/YYYY	Typed Name	John Quincy Public
		Signature	<u>John Q. Public</u>
		Typed Name	John Quincy Public, as Trustee of the John Quincy Public Trust dated MM/DD/YYYY
One signature used to indicate that the signatory is executing the document as both individually as Settlor and as trustee.		Borrower executed the Note with one signature individually as Settlor plus a second signature as trustee.	

Signature by a Conservator or Guardian

A conservator is someone who has been given authority over the affairs of an individual deemed to be legally incompetent. If a conservator signs a Note as Borrower, then a copy of the court document that appoints that person as conservator for the Borrower must be included with the Note.

Power of Attorney

If the Note is executed on behalf of the Borrower by an attorney-in-fact pursuant to a Power of Attorney (POA), it must be clear that the Note has been signed by an attorney-in-fact. **You must verify that the POA is dated on or before the Note Date.**

The Seller must deliver the original notarized POA. The Document Custodian is not expected to review the content of the POA. See [Guide Section 6301.4](#) for additional information.



A general POA may be used by the signatory to execute the Note if that is permitted under the law of the State in which the Mortgaged Premises is located.

Freddie Mac requires that a POA be notarized even if state law or local customs do not.

When the Seller delivers the Note together with a written statement that the use of a POA must be permitted by applicable law, the Document Custodian need not validate any aspect of such written statement but must retain it in the Note file. Delivery of such a written statement is not required for every Note executed by

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POA, and the Document Custodian has no responsibility to ask for one if it is not delivered.

Acceptable	May be Acceptable
<p>Signature <u>Samuel Signatory, Attorney-in-Fact for John Quincy Public</u></p> <p>Typed Name <u>Quincy Public</u> John Quincy Public</p> <p>The signature indicates that Samuel Signatory is executing the document under a POA from John Quincy Public.</p> <p>The POA designating Samuel Signatory as John Quincy Public's Attorney-In-Fact for execution of Mortgage documents that is in effect on the date the documents were signed must be received and attached to the Note.</p>	<p>Signature <u>Samuel Signatory</u> Typed Name John Quincy Public</p> <p>This is not acceptable if the Note is received with no additional documentation.</p> <p>Seller must provide documentation to support Samuel Signatory's authority to execute the Note on the Borrower's behalf.</p> <p> This manner of signature is not a preferred method of executing a document under a POA, since it is not clear why or under what authority Samuel Signatory is executing the document.</p>

Freddie Mac will accept a POA that is notarized by a military officer if the notarization is made pursuant to the Servicemember's Civil Relief Act §506(b), which permits a service member during a period of military service to make an affidavit "before... any superior commissioned officer." See also [Guide Section 8503.1](#).

If the original POA is missing:

- A copy is acceptable if the original POA has been sent to the recorder's office or the copy contains recordation information.
- You must notify the Seller/Servicer if the original POA is missing for Notes in a Subsequent Transfer of Servicing.

See [Guide Section 6301.4](#).

Uniform Instruments

The Guide requires that all Notes be executed on the Uniform Instruments (1-4 Family) for the jurisdiction where the Mortgaged Premises are located. Freddie Mac does not expect Document Custodians to conduct further verification regarding the printed or standard text of the Note if the agency tagline indicating a Uniform Instrument is present. See [Guide Section 4101.2](#); the Forms are listed in [Exhibit 4](#) "Single-Family Uniform Instruments," and at www.FreddieMac.com/uniform.

The following apply to ensure that the Note(s) meet the Uniform Instruments requirement.

- The agency identifier tagline must appear on each page of the Note; a Note without the agency tagline will be considered non-standard.
- Unless specified in the Purchase Documents, the Document Custodian may not certify a Note that is not executed on a Uniform Instrument. The Seller must be contacted and the Note returned.

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- Sellers may reprint Uniform Instruments on their own letterhead, by computer, or otherwise as they choose. However, the text of the Uniform Instruments must remain unchanged and the tagline identifying the instrument as a Uniform Instrument must remain a part of the document—either “Fannie Mae/Freddie Mac,” “Freddie Mac” or “Fannie Mae.”
- We do not object to supplemental tag line information by forms companies or the lender; however, the original verbiage in the tag line of the Uniform Instrument may not be changed.
- Form numbers do not change when Guide Exhibit 4 is updated.
- As new generations of instruments are developed, and electronic format replaces hard copy forms, Freddie Mac may explore new methods of denoting legally required changes in the Uniform Instrument form number.



The Spanish translations of certain Uniform Instruments that are available on Freddie Mac's website are for borrower education and reference only and are not acceptable as original, signed mortgage documents. They may be found at <http://www.freddiemac.com/uniform/spanish.html>.

Lost Note Affidavits

In certain instances, you may receive a Lost Note Affidavit (LNA) instead of the original Note. If the LNA meets these requirements, you may verify loan data on the Note copy attached to the LNA. The LNA must be placed in the Note file in lieu of the Note.

- The LNA must be an original, signed in ink by an officer of the Seller.
- The LNA must be notarized.
- The LNA must be addressed to Freddie Mac. If you receive an LNA addressed otherwise, contact Freddie Mac (see Guide Directory 9).
- The LNA must include:
 - The name of each Borrower on the Note,
 - The original principal amount of the Note, and
 - The Note Date.
- A complete copy of the entire missing Note must be attached to the LNA, including all required signatures and endorsements complete to the Seller.
- The Seller must provide you with evidence that Freddie Mac has approved delivery of an LNA. This may include a copy of the portion of the Purchase Documents between Freddie Mac and the Seller that identifies specific Mortgages. If there is a specific mortgage list, the Document Custodian must ensure that each LNA received is included on that list. If the Seller submits other written documentation, it must indicate that Freddie Mac has approved the LNAs and list the affected Mortgages.

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If the LNA meets these requirements, you must verify the loan data from the Note copy attached to the LNA. The LNA and Note copy must be filed in the Note file in lieu of the Note.



If the copy of the Note does not include the complete endorsement chain, the LNA must contain a statement to the effect that the photocopy of the Note was made in the ordinary course of business prior to the Note's endorsement. Original endorsements on the Note copy are not acceptable.

If, after Freddie Mac purchases a Mortgage with a LNA, the Servicer recovers the original Note, the Servicer should deliver it to you together with a signed "Found Note Certification" form (See Appendix C) that identifies the related Mortgage and contains certain representations relating to the original Note. You must review the Note to verify that it is an original document that matches the copy of the note attached to the LNA: if it is, you should place the original Note in the Mortgage file, execute the Found Note Certification form where indicated and return the form, together with the complete LNA, to the Servicer. The Servicer will then contact Freddie Mac, and your duties and responsibilities with respect to the original Note are the same as if it had been delivered to you prior to Freddie Mac's purchase of the related Mortgage. If the Servicer is unfamiliar with this process, please instruct them to contact Freddie Mac ([Guide Directory 9](#)) directly.

Endorsements

When a Note is sold to Freddie Mac, the Seller must endorse the Note in blank "Pay to the order of", Please contact Freddie Mac ([Guide Directory 9](#)) if you receive an endorsement in another form or with alternate language. While you may certify a Note endorsed "Payable to ...", we will ask the Seller to change their practice for the future. The following must be clearly typed or printed:

- The name of the institution making the endorsement ("Seller-endorser")
- The name and title of the individual authorized to sign
- Document Custodians cannot act as Attorney-in-Fact, Agent or Delegatee or pursuant to a power-of-attorney to endorse Notes for the Seller



If the endorser is "doing business as," it must provide both the formal or current corporate name and the alternative name.



Endorsements must be complete from the payee on the Note to the Seller of the Note to Freddie Mac. There may not be further endorsements as long as Freddie Mac owns the Note.



Notes that Sellers have "endorsed" using stickers are not acceptable, and Document Custodians must reject Notes endorsed using such a method. For an endorsement to be certified by a Document Custodian pursuant to [Guide Section 6301.3](#), the endorsement must be made directly on the Note with an ink signature or with a facsimile signature, as permitted by [Guide Section 6301.3](#). An Allonge that meets all of the conditions set forth in [Guide Section 6301.3](#) may also be used to endorse a Note. Use of stickers to affix signatures does not satisfy Freddie Mac's requirements for either an endorsement on the Note or an Allonge.

Document Delivery and Processing Procedures

The following are examples of blank endorsements:

Without Recourse

PAY TO THE ORDER OF _____ (Leave Blank)
WITHOUT RECOURSE
_____ (Name of Seller-endorser)
_____ (Signature of duly authorized officer)
_____ (Typed name and title of signatory)

With Recourse

PAY TO THE ORDER OF _____ (Leave Blank)
_____ (Name of Seller-endorser)
_____ (Signature of duly authorized officer)
_____ (Typed name and title of signatory)



Most Notes are sold to Freddie Mac without recourse; however, Document Custodians are not required to check recourse status of the Notes and have no way of doing so.

Allonges

Allonges are often used to provide additional space for endorsements. You may certify a Note that has an Allonge attached if:

- The Allonge is permanently affixed to the Note (taping or pasting the Allonge to the Note are not acceptable), and
- The Allonge references the Borrower's name, the address of the Mortgaged Premises, and the original principal balance of the Note.

If you receive a non-conforming Allonge, enter the discrepancy in the selling system and await corrective action by the Seller. See [Guide Section 6301.3](#).



If you receive an Allonge that is dated, you may certify only if the date is on or after the Note date. If you frequently receive Notes from a Seller endorsed this way, please contact Freddie Mac so that we can remind the Seller of our requirements.

Endorsement Chains

The Seller must endorse each Note in blank. When the Seller of the Note is not the original payee on the Note, you must verify that the chain of endorsements on the Note is proper and complete from the original payee to the Seller.

After Freddie Mac purchases the Note, no other endorsements or changes to endorsements on the Notes are permitted without Freddie Mac's prior written consent. In particular, a Transferee Servicer may not endorse or change any endorsement on a Note owned by Freddie Mac.

Document Delivery and Processing Procedures



You may certify Notes endorsed to Freddie Mac rather than endorsed in blank, but if you frequently receive Notes from a Seller endorsed this way, please contact Freddie Mac so that we can remind the Seller of our requirements.

Endorsements may indicate that the endorsing entity is the “successor in interest to” or “successor by merger to” the preceding endorser; this is acceptable. If, however, there is a break in the endorsement chain and the Seller indicates that it is due to a name change or a merger, acquisition or other event that is not indicated in the endorsements themselves, the Seller must deliver documentation (such as an explanatory letter) to substantiate that event. Such documentation might consist of a regulator’s documentation from the state corporation commission (or similar authority) of the state in which the Mortgaged Premises is located.

In certain circumstances, the endorsement may not match the formal legal name of the entity. For example, for a company named “Standard Federal Mortgage Bank Incorporated,” the following abbreviations are acceptable if the Document Custodian has a document signed by the Seller’s attorneys stating that those abbreviations are acceptable:

- STD FED MTG BK INC
- STANDARD FEDERAL MTG
- THE STANDARD FEDERAL MORTGAGE BANK
- STND FED MTG INC

The following chart identifies different endorsement issues and the conditions for Freddie Mac acceptance.

Issue	Resolution
Endorsement is missing a signature	<p>Enter the discrepancy in the selling system and wait for corrective action from the Seller.</p> <p>If the Seller advises you that the institution is no longer in business and it is unable to obtain the signature, you must not certify the Note.</p>
Endorsement is a facsimile signature	<p>Acceptable (the Seller must retain documentation in its files to support use of facsimile signatures but the Document Custodian need not verify). A facsimile signature must be made using a process where ink is applied to the Note by a stamp or otherwise, by a person authorized by the Seller to endorse the Note. Endorsements generated on an automated basis by machines, such as those used to sign letters or checks, are not acceptable facsimile signatures.</p>

Document Delivery and Processing Procedures

Issue	Resolution
Endorsement does not include title of signatory	Enter the discrepancy in the selling system and wait for corrective action from the Seller.
Endorsement errors or missing endorsements	Enter the discrepancy in the selling system and wait for corrective action from the Seller.
Date has been inserted on blank endorsement	Contact Freddie Mac so that we may remind the Seller of our requirements.
Endorsement has been voided	<p>Acceptable, provided that an authorized signatory of the endorsing institution has initialed the “voided” endorsement.</p>  <p>Be certain that only the <u>erroneous endorsement</u> is marked through or marked “void”; otherwise, it may appear that the entire Note is voided.</p>

Assignments

You must receive an original assignment of the Security Instrument that has been recorded from the original mortgagee on the Security Instrument to the Seller or, if there is a concurrent Transfer of Servicing (TOS), to the Servicer (NOT to Freddie Mac). An officer of the transferring institution must sign the assignment, and the assignment must contain the officer’s name and title.

You must verify that there is no break in the assignment chain. Assignments of the Security Instrument must begin with the original mortgagee (the payee on the Note) and continue unbroken to the Seller, or to the Servicer, if there is a concurrent TOS, or to MERS.

- You must hold all assignments with their related Notes, unless the Mortgage is registered with MERS, and/or
- Servicer has provided you with documentation indicating that it will hold all assignments for Freddie Mac-owned Notes in its Mortgage files. See [Guide Section 3301.4](#).



We do not accept assignments to “blank”. Assignments must include the legal name of the entity to which the beneficial interest is being assigned, in most instances, the Servicer.

The following chart identifies different assignment issues and the conditions for Freddie Mac acceptance.

Document Delivery and Processing Procedures

Issue	Resolution
Blanket assignments are delivered	<p>Freddie Mac does not accept mortgages assigned using blanket assignments.</p> <p>Enter the discrepancy in the selling system and return assignment to the Seller.</p>
The recorder's office does not record assignments	<p>This is not common, however; pursuant to Guide Sections 6301.6 and 6301.8, if the Seller indicates this in an affidavit delivered with the Note, you may accept it and retain it in the Note file with the Note.</p>
The recorder's office does not return the recorded documents	<p>A certified and true copy of the document that was sent for recording is acceptable.</p>
The assignment does not have a notary stamp or seal	<p>Enter the discrepancy in the selling system and wait for corrective action from the Seller.</p>
The assignment does not have a corporate seal	<p>If the assignment is otherwise acceptable, you may certify the Note.</p>
The assignment contains a facsimile signature	<p>Assignments must contain original signatures. Enter the discrepancy in the selling system and wait for corrective action from the Seller.</p>
The certified copy of the assignment is missing the date or the recordation information, or the recordation information is illegible	<p>Enter the discrepancy in the selling system; the Seller must provide this information.</p>
Assignment is made to Freddie Mac	<p>Return to Seller to destroy. See Guide Sections 6301.6 and 6301.8.</p>
Servicer wishes to assign Freddie Mac's interest in a Mortgage to a new lender in a Texas refinance	<p>This is not permitted. The Mortgage must not be assigned to the new lender for the refinance.</p>

Document Delivery and Processing Procedures

Issue	Resolution
Document Custodian is holding a certified and true copy of the assignment, but subsequently receives the original recorded assignment	File the recorded assignment with the original Note, and destroy the copy or return it to the Seller/Service as determined by your agreement.
Intervening Assignment(s) not included with affidavit stating that the jurisdiction does not require that assignments be recorded	Enter the discrepancy in the selling system and notify the Seller who must provide Intervening Assignment(s). Do not certify until resolved.
Intervening Assignments for whole or participation Notes not included with delivery	Enter the discrepancy in the selling system and request the Seller to provide Intervening Assignment(s). Do not certify until resolved.
Intervening Assignments sent for recordation, but only a copy is received	Enter the discrepancy in the selling system and ask the Seller to certify and deliver to you a copy (a "Seller-certified copy") of the Intervening Assignment that was sent for recordation.
Assignment chain is broken	Enter the discrepancy in the selling system and notify the Seller of the break. Do not certify until corrected.
Assignment is to "blank"	Return to Seller; Freddie Mac does not accept assignments to "blank". You may not certify. See Guide Sections 6301.6 and 6301.8 .



See [Guide Sections 6301.6](#) and [6301.8](#) for additional requirements and for the requirements for Mortgages that have been registered with MERS.

Reviewing Supplemental Documentation

We require that the Seller deliver the original assignments and related documentation to you. Sometimes the original is not available because it has been sent to the recorder's office for recordation and has not been returned to the Seller for delivery to you. In such cases, you may certify the Note based on a Seller-certified copy of the assignment or related documentation.

The chart below indicates when original documents are required for certification and when certified copies of documents may be used in lieu of originals.

Document Delivery and Processing Procedures

Document	What is Acceptable
Note	Original or an LNA meeting the requirements above
Note Addendum (for example, Balloon Note Addendum)	Original only
Assumption Agreement	Original only
Power of Attorney (POA)	Original, or a copy with recordation information, unless the original has been sent to the recorder's office. See Guide Section 6301.4.
Recorded assignment	Original;
Multistate Agreement to Convert (Form 3180)	<ul style="list-style-type: none"> • If original is at the recorder's office for recordation, then a Seller-certified copy is acceptable (until original is received), or • Copy certified by clerk of court or recorder's office <u>if</u> the original recorded document is not available
NY CEMA (Form 3172)	
Modification	
Name Affidavit or Signature Affidavit	Original or copy

Document Custodians may receive documentation from the Seller/Servicer after certification is complete. This may occur when the Seller submits a certified copy of a document with the delivery and then sends you the original document after recordation.

When this happens, you must:

- Verify the documentation as you would for any document delivery.
- If the document is an addendum to or modification to the Note, attach it to the Note. Otherwise, place the document in your file with the Note.
- If the document is the original, replace any copy with original, and destroy the copy, unless you have a written agreement with the Servicer to return it to them for destruction.
- If you receive an original Note for a Mortgage that you certified based on an LNA, void the LNA and return it to the Servicer for destruction.

Document Delivery and Processing Procedures

Resolving Discrepancies

You must enter any data or document discrepancies for a Note in the selling system. The Seller may receive an email notice that there are proposed changes. The Seller has the option of accepting the proposed data changes or rejecting them. If the Seller

- Accepts all proposed data changes and there are no document discrepancies outstanding, the loan will be automatically certified. You are not required to perform any further action to complete the certification.
- Rejects any of the proposed changes or documentation discrepancies, you must work with the Seller to resolve the issues.

Refer to the section on Reviewing Certification Issues in the [Certifying Mortgages for Freddie Mac User Guide](#) for accessing and processing certification issues after you have entered proposed changes or documentation discrepancies in the selling system.

You must not certify a Mortgage for which you have identified data or document discrepancies until the discrepancies have been corrected.

Post-Certification Corrections to Notes

On occasion, a Seller/Servicer will ask to correct or change a Note after it has been certified. Please direct the Seller/Servicer to Freddie Mac. Freddie Mac strongly encourages corrections or changes to a Note using a modification.

Under no circumstances should the Document Custodian return a Note to the Seller/Servicer for correction, or permit the Seller/Servicer to 'substitute' a replacement note for the Note held by the Document Custodian that has been certified for purchase by, or purchased by, Freddie Mac.

New York Consolidation, Extension and Modification Agreements (“NY CEMAs”)

A New York Consolidation, Extension and Modification Agreement ([Form 3172](#)) is often used to finance debt secured by property in New York state in lieu of canceling and releasing an existing lien, **and is for use only in New York State**. The NY CEMA process permits borrowers to avoid a portion of the mortgage recordation tax due for a transaction: because the tax on the outstanding mortgage balance has already been paid, tax is due only on the amount of money borrowed that exceeds the balance of the existing mortgage. The result is that the Borrower has a single, consolidated loan obligation, evidenced by a Consolidated Note that is payable in accordance with the terms of the NY CEMA.

Certification

If Freddie Mac purchases a Mortgage originated with a NY CEMA, the delivery must include a new original Consolidated Note, together with the NY CEMA with applicable Exhibits and all assignments. **The following documents must be present for certification of a NY CEMA Mortgage:**

Document Delivery and Processing Procedures

- In connection with a current financing evidenced by a NY CEMA, Form 3172 1/01 and Form 3172 1/01 (rev. 5/01), the Borrower must execute a **new original Note**, referred to as the **Consolidated Note**, that consolidates, extends and modifies the Original Old Money Note and the Original New Money (Gap) Note, if any. A Consolidated Note was not required with NY CEMA Form 3172 7/86, although one may have been executed.
- If a Seller delivers a NY CEMA Mortgage that refinanced a NY CEMA Mortgage previously owned by Freddie Mac, you may receive for certification the Note and assignments that you released along with a **new original Consolidated Note**, a **new NY CEMA** and a **new assignment**. The new NY CEMA Mortgage will have a new Freddie Mac loan number, and you must track it using this new number.



The NY CEMA, Form 3172, is a Fannie Mae/Freddie Mac Uniform Instrument, and may be used for Mortgaged Premises located in New York only.

See [Guide Sections 4101.4](#) and [6301.8](#) for further information on documentation required to certify NY CEMA Mortgages for Freddie Mac.

If the recorder's office has not returned the recorded NY CEMA in time for it to be delivered for certification, the Seller must deliver a copy of the document (or the NY CEMA) sent for recordation, certified by a corporate officer of the Seller as a true and complete copy. If the original recorded NY CEMA is returned by the recording office, the Servicer must forward it to you for maintenance in the Note file.

Assignments

If the Seller delivering the NY CEMA is not named in the prior mortgages listed in the NY CEMA, you should receive a recorded Intervening Assignment for each change in mortgage ownership. (Refer to "MERS Registered Mortgages" below in this chapter for information on assignments for those Mortgages.)

MERS-Registered Mortgages

MERS is the Mortgage Electronic Registry System, Inc., a database that is accessible on-line and contains real property and ownership information commonly found in closing documents, public land records, and Mortgage assignments. Mortgages registered with MERS appear in the public land records with MERS as the Mortgagee of Record.

Freddie Mac purchases MERS-registered Mortgages closed with MERS as the Original Mortgagee of Record, as well as those closed with MERS as the assignee. All MERS-registered Mortgages are subject to the same representations and warranties as the other mortgages that we purchase.

Each MERS-registered Mortgage must have either a recorded assignment to MERS or be closed on a security instrument that names MERS as the nominee. The Seller must include the MIN (the 18-digit Mortgage Identification Number

Document Delivery and Processing Procedures

assigned to each Mortgage registered with MERS); it remains with the Mortgage throughout its term. Document Custodians are not required to verify the MIN.

If the Mortgage was closed with MERS as the original mortgagee (a MOM loan), the Seller must inform you that the Mortgage was closed on a security instrument that names MERS as the Mortgagee of Record and transmit the MIN with the delivery data. The Servicer may elect to hold the assignments for MERS-registered Mortgages; in this case, the Servicer certifies the MERS assignment chain.

If you have general questions about MERS or MERS-registered mortgages, please contact the MERS corporate offices. Information for how to contact MERS is available on the MERS website: <http://www.mersinc.org/about-us/contact-us>.



For Mortgages registered with MERS after sale to Freddie Mac, the Servicer will inform MERS that we are the investor and give MERS the Freddie Mac loan number; MERS will then notify Freddie Mac. You and the Servicer must agree as to how the Servicer will notify you of the change in status of these Mortgages.

Retention Period

For Mortgages certified in the selling system, Document Custodians are not required to retain a copy of Form 1034E.

Resources

It is important to note that Freddie Mac and Fannie Mae will continue to exercise independent business judgment when using loan delivery data in their respective, unique business processes. Additional information, including web-based training, can be found regarding the ULDD and its implementation on Freddie Mac's corporate website at:

- http://www.freddiemac.com/singlefamily/sell/uniform_delivery.html and
- http://www.freddiemac.com/singlefamily/sell/uniform_mortgage_faq.html?tab=1 and at
- www.freddiemac.com/learn/uw/umdp.html.

Document Release Procedures

Chapter 4

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Document Release Procedures

Introduction

As Document Custodian, you are responsible for safeguarding Freddie Mac's Notes. Seller/Servicers may need to obtain physical or constructive possession of a Note or other documents in the physical custody of a Document Custodian to take appropriate action in conjunction with the payoff, foreclosure, repurchase, substitution, conversion, modification or assumption of a Mortgage.

When you receive a [Form 1036](#), Request for Physical or Constructive Possession of Documents, or its equivalent, from the Servicer, you are responsible for releasing the requested documents to the Servicer or indicating in your note tracking system, or otherwise, that the Servicer has constructive possession of the Note. The Servicer will hold in trust, for Freddie Mac's benefit, all Notes and assignments that you release to the Servicer, which are not "paid and canceled."

You must track the release and, if applicable, return of these documents in accordance with the requirements in the Guide and this Handbook.

Form 1036 Requirements

The Document Custodian must verify that the [Form 1036](#), or its equivalent, contains the following data:

- Name and address of Document Custodian
- Document Custodial Agreement number (Form 1035)
- Document Custodian Number
- Mortgage information, including:
 - Freddie Mac loan number
 - Primary Borrower's last name
 - Original Note date
 - Seller/Servicer loan number
 - Property address
- Type of document requested (e.g., modifying instrument)
- Type of possession requested (physical release or constructive possession)
- Reason for request
- Authorized signature of Servicer, including name, title, and date signed
- Phone number of individual at the Seller/Servicer making the request
- Email address of individual at the Seller/Servicer making the request

Document Release Procedures

If the form is incomplete or inconsistent with your records, you must contact the Servicer to resolve the issue.

If the Document Custodian verifies that the [Form 1036](#), or its equivalent, is complete, the Document Custodian must sign and date the Form 1036, or its equivalent, indicating the name and title of the signer, and, if the request was for physical release of document, return the form to the Servicer along with the requested documents. You must also update your Note tracking system to indicate, at a minimum, the date the document was released and the reason it was released.



If a requested Note is missing or badly damaged, see Chapter 3 of this Handbook on Lost Note Affidavits.

If the Seller/Servicer indicates that it requires constructive possession of a Note, then the Document Custodian must so indicate on its note tracking system or otherwise and retain physical custody of the Note in trust for the benefit of the Seller/Servicer until the Seller/Servicer delivers either Form 1036, or its equivalent, requesting that either (i) the Document Custodian release and deliver the Note to the Seller/Servicer or (ii) the Seller/Servicer no longer has need for constructive possession of the Note, in which case the Document Custodian shall restore its note tracking system or other records to indicate that it holds the Note, in trust, for the sole benefit of Freddie Mac.

An **Electronic or system-generated** Form 1036, or its equivalent, must contain all of the data elements that appear on the paper form, including an Electronic Signature. A single Electronic form can be used to request multiple Notes, provided that the release type for each Note is indicated on the form, and a Note list is attached. You must record the reason the documents were returned and file the Form 1036, or its equivalent, with the returned documents.

If an Electronic Form 1036, or its equivalent, is used, the Document Custodian must retain it and the list of individuals who have been designated by the Servicer to request the release of the documents electronically. **See [Guide Section 8107.2\(c\)](#) for details on these alternative versions of the Form 1036 and the required agreement between the Document Custodian and the Servicer.**

Document Release Types

Upon receipt of a properly completed and executed [Form 1036](#), or its equivalent, you must release the requested documents to the Servicer and retain the original or an imaged copy of the form pursuant to the requirements of [Guide Sections 2202.4, 6304.3](#) and [8107.2](#).

Document Release Procedures

Below are examples of release types:

- Maturity
- Foreclosure
- Recordation of assignment
- Substitution
- Assumption
- Prepayment
- Repurchase
- Other, must include an explanation (may not indicate 'correction' or similar)
- Modification
- Conversion
- New York CEMA

If 'Other' is checked as the Reason for Request, the explanation should indicate redemption, deed-in-lieu or short sale. Contact Freddie Mac with any questions.

You must promptly update your Note tracking system to reflect (1) the reason for release of all documents except for those released due to maturity, prepayment, or repurchase, and (2) the date on which documents are returned.

New York Consolidation, Extension and Modification Agreement ("NY CEMA") Mortgage Note Release Procedures

Servicers may occasionally request release of an original Note and assignments to facilitate refinancing. To consolidate, extend and modify a Mortgage secured by Mortgaged Premises in New York State and owned by Freddie Mac, a Borrower must notify the Servicer of their intention to refinance using a NY CEMA. The Servicer must request release in order to prepare the documents needed to facilitate the NY CEMA process.

We strongly recommend that you make a complete copy of the Notes and assignments that you release in anticipation of a refinancing using NY CEMAs, and we require both you and the Servicer to track all such released documents. The Servicer must notify the Document Custodian when the Note is paid in full or return the released documents if the refinance is cancelled or closing does not occur within 60 days. We suggest that you prompt the Servicer if it has not received either the released Notes and assignments or notice of the payment in full within 45 days after the document release. If the Servicer does not respond within 60 days after the document release, you must contact Freddie Mac, and

Document Release Procedures

provide the Freddie Mac loan number of the Note that was released, so that we may follow-up with the Servicer and take any necessary action.

Paid in Full Notes

Paid-in-full Notes (e.g., reached maturity, prepaid) must be returned to the Servicer promptly upon receipt of Form 1036, or its equivalent, in order to comply with [Guide Section 8103.6](#), which requires that statutory timeframes be met. In many states, the Servicer must satisfy the lien in the land records within 30 days and may need the original Note to complete their lien release process.

Return of Released Documents

If a Note was released and subsequently returned to your custody, you must receive a copy of the [Form 1036](#), or its equivalent, if it was in hardcopy, from the Servicer, together with the Note and related documents. You must review the documents to ensure that you have received all of the documents that you released; you may find it helpful to have a complete photocopied set to use for verification. You must then update your note tracking system to reflect return of the documents.

If the Seller/Servicer had constructive possession of a Note, you must receive a copy of the [Form 1036](#), or its equivalent, with a request for termination of constructive possession. You must then update your note tracking system or other records to reflect the termination of constructive possession.

Under no circumstances should the Document Custodian accept a 'substitute,' corrected, or replacement Note in place of the original that was released. If any data element has been altered or if supplemental documentation that was released with the Note (such as a POA, modification or Allonge) is not returned, you must contact Freddie Mac for assistance in resolving the issue at loan_delivery_funding_ops@freddiemac.com.

If you receive a lost note affidavit (LNA) rather than the original Note, you must verify that you released an LNA and not the original Note to the Servicer; if you released the original Note, do not accept the returned Note File and contact Freddie Mac immediately.

Retention Period

You must retain the original or imaged copy of the [Form 1036](#), or its equivalent, for our inspection for at least three months in either a central location or the related Note file after the Mortgage is paid off, the Note is returned to you, or constructive possession is terminated. As with all documents that contain Borrower information, you must maintain and dispose of Form 1036, or its equivalent, in a manner that ensures Borrower confidentiality and privacy. See [Guide Section 8107.2\(c\)](#).

Subsequent Transfers of Servicing and Custody Procedures

Chapter 5

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Subsequent Transfers of Servicing and Custody Procedures

Introduction

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

- Transferor Servicer
- Transferor Document Custodian
- Transferee Servicer
- Transferee Document Custodian
- Freddie Mac

Please refer to [Guide Chapters 2202, 6304, 7101](#) and [8107](#); and [Section 7101.9](#) or consult with the Seller/Servicer, as appropriate, for more information.

 A TOS or transfer of custody requiring Freddie Mac's approval may occur as a result of an organization change to, or merger or acquisition of, a Servicer or Document Custodian. See [Guide Section 2101.14](#) and Chapter 2 of this Handbook for additional information.

 See below for specific handling of MERS Registered Mortgages.

General Responsibilities

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

Within 180 days following:

- the Effective Date of Transfer for a TOS, and
- written notice of a transfer for a transfer of custody,

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

Subsequent Transfers of Servicing and Custody Procedures



For a TOS where there is no change in Document Custodian, Note recertification is not required, but you must receive and review applicable assignments from the Transferor Servicer prior to submitting the Form 1034T to Freddie Mac and by the recertification due date.

For transfers of custody, the Transferor Servicer must deliver the signed [Form 1034T](#) and a loan list to the Transferee Document Custodian within 30 days following the transfer.

Questions regarding the Document Custodian's role in the transfer process must be directed to the Servicer or Freddie Mac. Questions regarding the approval of a Document Custodian must be directed SF Counterparty Compliance & Eligibility (SF C&E) ([Guide Directory 1](#)) 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



The Effective Date of Transfer for a Subsequent TOS is always the 16th day of the month.



The Transferee and Transferor Document Custodian must receive at least 30 days prior notice from the Servicer or Freddie Mac of a transfer of custody. Freddie Mac can require an immediate transfer.

Evidence of Transferee Document Custodian Approval

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

Transferor Document Custodian Responsibilities

Within 30 days after the Effective Date of Transfer for a TOS, the Transferor Document Custodian must receive from the Transferor Servicer:

- a copy of the TOS approval letter,
- for a transfer of custody, a copy of the first page and the signature page of a fully executed [Form 1035 for the Transferee Document Custodian](#),
- Form 1034T listing all Notes included in the TOS,
- a properly prepared and recorded assignment for each Note, if applicable.

Subsequent Transfers of Servicing and Custody Procedures

The Transferor Document Custodian must:

- For a TOS, verify that Freddie Mac has approved the TOS and that there is an executed Form 1035 for that Transferee Document Custodian relationship, and
- Forward the [Form 1034T](#) the loan list and the Notes along with the newly prepared assignments, when applicable, to the Transferee Document Custodian.

Transferee Document Custodian Responsibilities

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

The Transferee Document Custodian must:

1. Verify the data on the listing provided with the Form 1034T:
 - Borrower's Name
 - Property address (number and street, city, state)
 - Freddie Mac loan number, if present on the face of the Note; otherwise, validate the Freddie Mac loan number against data in electronic files or records provided by the Transferee Servicer.
2. Review custodial file contents.
3. Verify that the chain of Note endorsements begins with the original payee and ends with an endorsement in blank.
4. Verify that the loan is registered with MERS or that the chain of Note assignments begins with the original payee of the loan and ends with an assignment to the Transferee Servicer. See [Guide Chapter 4201](#) for details.
5. Notify the Transferee Servicer of any discrepancies with the Notes and assignments and must not certify until resolved by the Transferee Servicer.
6. Once all issues are resolved and recertification is complete, forward the original Form 1034T to Freddie Mac within 180 days of the Effective Date of Transfer for a TOS or 180 days of receipt of written notice from the Servicer or Freddie Mac of a transfer of custody. See [Guide Section 7101.9](#) and Chapter 3 of this Handbook.

For a TOS that does not involve a transfer of custody, the Document Custodian may omit items 2 and 3.

Subsequent Transfers of Servicing and Custody Procedures



The Transferor Document Custodian must cooperate with the Transferee Document Custodian to affect a smooth and orderly transfer. It is the responsibility of the Transferor Document Custodian to work with the Transferor and Transferee Servicers, the Transferee Document Custodian and Freddie Mac, as necessary, to cure all document deficiencies prior to recertification of the Notes.

Transfers of Servicing of MERS Registered Mortgages

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

Subsequent Transfers of Servicing and Custody Procedures

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

Termination of Custodial Agreement

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

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

Extension Approval

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



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

Subsequent Transfers of Servicing and Custody Procedures

Changes to Recertification Process

Effective July 1, 2016, Document Custodians will be required to submit a loan listing along with the Extension Request form. The submitter must provide a file containing a listing of loan EXCEPTIONS only, which were a part of the transfer. The loan file should include the following information:

- Freddie Mac loan number
- Borrower's name
- Property address number and street
- Property address city
- Property address state
- Effective date of transfer
- Issue type
- Reviewed (Yes/No)
- Transferee Document Custodian comments
- Status provided by Servicer
- Freddie Mac comments

The extension approval along with the loan listing should be sent to the following e-mail address: Loan_Delivery_Funding_Ops@freddiemac.com.

Job Aids

Uniform Loan Delivery Dataset (MISMO Data Labels)

Appendix

A

Contents

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Job Aid 1 – Fixed Rate Note

NOTE

Freddie Mac Loan Number (1)

Note Date (2)

[Date]

[City]

[State]

Street Address (3)

City Name (4)

State Code (5)

Postal Code (6)

[Property Address]

1. BORROWER'S PROMISE TO PAY

Note 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

Note Rate Percent (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

Scheduled First 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."

Loan 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

Initial Principal and Interest Payment 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.

[First Name Middle Name Last Name (12)] (Seal)
- Borrower

[First Name Middle Name Last Name (13)] (Seal)
- Borrower

(Seal)
- Borrower

[Sign Original Only]

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

First Rate Adjustment Effective Date (14)

The interest rate I will pay may change on the first day of _____, 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

Index Source Type (15)

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."

Interest and Payment Adjustment Index Lead Days Count (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

Margin Rate Percent (17)

Before each Change Date, the Note Holder will calculate my new interest rate by adding _____ 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.

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.

Interest Rate Rounding Percent (18)

(D) Limits on Interest Rate Changes

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

_____ % or less than _____ %.
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

Subsequent Rate Adjustment Maximum Increase/Maximum Decrease Rate Percent (19)

Ceiling Rate Percent (20)

interest rate will never be greater than _____ %.

(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.

First Name Middle Name Last Name (12)

 _____ (Seal)
- Borrower

First Name Middle Name Last 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]
Street Address (3) _____ City Name (4) _____ State Code (5) _____ Postal 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. \$ _____ (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.

Note Amount (7)

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 Sections 4 or 5 of this Note.

Note Rate Percent (8)

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 _____, _____. 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 _____

Scheduled First Payment Date (9)

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.”

Loan Maturity Date (10)

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. \$ _____. This amount may change.

Initial Principal and Interest Payment Amount (11)

MULTISTATE CONVERTIBLE/ADJUSTABLE RATE NOTE-1-Year Treasury (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)–

(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 _____, _____, and may change on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

First Rate Adjustment Effective Date (14)

Index Source Type (15)

(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 45 days before each Change Date is called the "Current Index."

Interest and Payment Adjustment Index Lead Days Count (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

Before each 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 Change Date.

Margin Rate Percent (17)

Interest Rate Rounding Percent (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

_____ % or less than _____ %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than

Subsequent Rate Adjustment Maximum Increase/Maximum Decrease Rate Percent (19)

Subsequent Rate Adjustment Maximum Increase/Minimum Decrease Rate Percent (19)

_____ 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

Ceiling Rate Percent (20)

(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

Convertible (21)



(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.

MULTISTATE CONVERTIBLE/ADJUSTABLE RATE NOTE-1-Year Treasury (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)—

Single Family--Freddie Mac UNIFORM INSTRUMENT

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(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.

First Name Middle Name Last Name (12)

____ (Seal)
- Borrower

First Name Middle Name Last Name (13)

____ (Seal)
- Borrower

____ (Seal)
- Borrower

[Sign Original Only]

MULTISTATE CONVERTIBLE/ADJUSTABLE RATE NOTE-1-Year Treasury (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)—

Single Family--Freddie Mac UNIFORM INSTRUMENT

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Form 1 – Found Note Certification

FOUND NOTE CERTIFICATION

By executing this Certification, Seller represents and warrants to, and covenants with, Freddie Mac that the Note described below, originally delivered by Seller to the Document Custodian as a Missing Original Note with a Lost Note Affidavit pursuant to Seller's term of business, has been located by Seller and delivered to the Document Custodian.

By executing this Certification, Document Custodian represents and warrants to, and covenants with, Freddie Mac that Seller delivered the original Note described below to Document Custodian on or about _____ [date] and that it performed the verifications and certifications required by [Section 6304.3](#) with respect to that Note.

Attached to this certification is a true and correct copy of the entire original Note.

- (a) Borrower(s): _____
- (b) Date of Note: _____
- (c) Secured by Deed of Trust or Mortgage recorded at (insert date, county, state, book and page): _____
- (d) Freddie Mac Loan #: _____
- (e) Servicer Loan #: _____

Seller/Servicer Name and Freddie Mac S/S#

Signature on behalf of Seller

Typed Name & Title of Signer

Date

Document Custodian Name and Number

Signature on behalf of Document Custodian

Typed Name & Title of Signer

Date