

NEW YORK CONSOLIDATION, EXTENSION
AND MODIFICATION AGREEMENT

Sellers often document refinance Mortgages secured by property located in New York State using a New York Consolidation, Extension and Modification Agreement (the “NY CEMA”). The NY CEMA combines into one set of rights and obligations all the promises and agreements stated in existing Notes and Mortgages secured by the Mortgaged Premises, including, if new funds are advanced to the Borrower at the time of the consolidation, a new Note and Mortgage. The result is that the Borrower has one consolidated loan obligation that is paid in accordance with the terms of the NY CEMA. When documenting a refinance Mortgage using a NY CEMA, you must use a Consolidated Note that must be executed by the Borrower. The consolidated loan terms, as stated in the NY CEMA, are restated in the Consolidated Note.

If you originate a refinance Mortgage secured by property located in New York State for delivery to Freddie Mac and you are using a NY CEMA, you must use the most current version of the New York Consolidation, Extension and Modification Agreement Single-Family Fannie Mac/Freddie Mac Uniform Instrument (Form 3172). The current version has the (01/01, rev. 05/01) tagline and can be found on Freddie Mac’s web site at <http://www.freddiemac.com/uniform/>.

If a NY CEMA is used, you must deliver the complete NY CEMA delivery package listed below to your Document Custodian (that is, the NY CEMA with complete set of Exhibits together with a separate, originally executed Consolidated Note).

Below is additional information concerning NY CEMAs in the form of Questions and Answers.

NY CEMA - GENERAL

1. What is a Consolidation, Extension and Modification Agreement (CEMA)?

The NY CEMA is utilized for refinances in lieu of the traditional cancellation of the old Mortgage Note and release of the lien.

The NY CEMA enables Borrowers with Mortgages secured by property located in New York to reduce the amount of Mortgage recording tax paid in connection with the refinance. Since tax on the outstanding Mortgage balance has already been paid, the Mortgage tax is waived on that amount.

2. May I use the NY CEMA (Form 3172) in states other than New York?

No. The NY CEMA may only be used Mortgages secured by properties located in the State of New York.

3. What is the most current version of the New York Consolidation, Extension and Modification Agreement (NY CEMA)?

The most current version is Form 3172 dated 1/01 (rev. 5/01).

NY CEMA – Consolidated Note

1. What are the applicable Uniform Notes to be used for the NY CEMA Consolidated Notes?

The Consolidated Note must be the current version of the applicable Single-Family Fannie Mae/Freddie Mac Uniform Note (e.g., Form 3232, 3501, 3504, or 3514) or whatever is the permitted Note form for the type of Mortgage you are originating).

2. When using a NY CEMA is there specific language that must appear on the Consolidated Note in addition to what generally appears on the Uniform Note?

Yes. The following language must be inserted at the top of the Note, as applicable:

Fixed Rate Notes:

CONSOLIDATED NOTE

This Note amends and restates in their entirety, and is given in substitution for, the Notes described in Exhibit A of the New York Consolidation, Extension, and Modification Agreement dated the same date as this Note.

Adjustable Rate Notes:

CONSOLIDATED ADJUSTABLE RATE NOTE

This Note amends and restates in their entirety, and is given in substitution for, the Notes described in Exhibit A of the New York Consolidation, Extension, and Modification Agreement dated the same date as this Note.

3. Does the new, separate original Consolidated Note have to be signed?

Yes, the new Consolidated Note states the terms and conditions for repayment of the Borrower's consolidated indebtedness.

4. Does the Consolidated Note have to be endorsed?

Yes. We require that each Consolidated Note contain a complete chain of endorsements.

NY CEMA – Certification

1. What documents must be delivered to my Document Custodian for certification with a Mortgage originated using a NY CEMA?

The separate, originally executed Consolidated Note must be delivered together with the NY CEMA (Form 3172, dated 1/01, rev. 5/01) or most current version (*NY CEMA may be certified copy if the original is submitted for recording*) with a complete set of Exhibits:

Exhibit "A" (Lists all Notes and Mortgages being consolidated, extended and modified)
Exhibit "B" (Property Description)
Exhibit "C" (copy of Consolidated Note)
Exhibit "D" (copy of the Consolidated Mortgage)

2. Does the copy of the Consolidated Note attached to the NY CEMA as Exhibit "C" have to be a signed copy?

No, although it is our preference that the Exhibit "C" copy of the Consolidated Note be a signed copy.

3. Must the Exhibit designations ("A", "B", "C", and "D") appear at the top of the respective document?

While Freddie Mac prefers that the Exhibit designations appear at the top, center of the respective document, the Exhibit designations may appear at the bottom, center of the document.

MERS as ORIGINAL MORTGAGEE OF RECORD

1. Is there specific language that must be inserted in the NY CEMA, when originating a NY CEMA transaction with MERS as the Original Mortgagee of Record?

Yes. You may find this language on the Freddie Mac Uniform Instrument website at <http://www.freddiemac.com/uniform/> under the heading "Specific Program Instruments" (Authorized Changes to NY CEMA).

ULDD DELIVERY REQUIREMENTS

1. What do I deliver as the "Note Date" for a Mortgage originated using a NY CEMA?

The date of the most recent Consolidated Note should be delivered as the Note Date.

RELEASE OF ORIGINAL NOTE FOR REFINANCE USING A NY CEMA

1. Does Freddie Mac allow a Document Custodian to release an original Note and assignments to facilitate a refinancing?

Yes. Both the Servicer and the Document Custodian should track all such released documents, and Freddie Mac strongly recommends that the Document Custodian and Servicer retain a complete copy of the Note s and assignments released in anticipation of refinancing using a NY CEMA.

2. Is there a timeline for the NY CEMA-documented refinancing to be completed?

Yes. The Servicer must notify the Document Custodian when the Note is paid in full or return the release documents if the refinance is cancelled or closing does not occur within 60 days of the Servicer's receipt of the release documents.

3. What are the Document Custodian's follow-up responsibilities?

Freddie Mac recommends that within 45 days after the release the Document Custodian follow up with the Servicer if it has not received either the released documents or notice of payment in full. If the Servicer does not respond within 60 days after the release, the Document Custodian must contact Freddie Mac.