

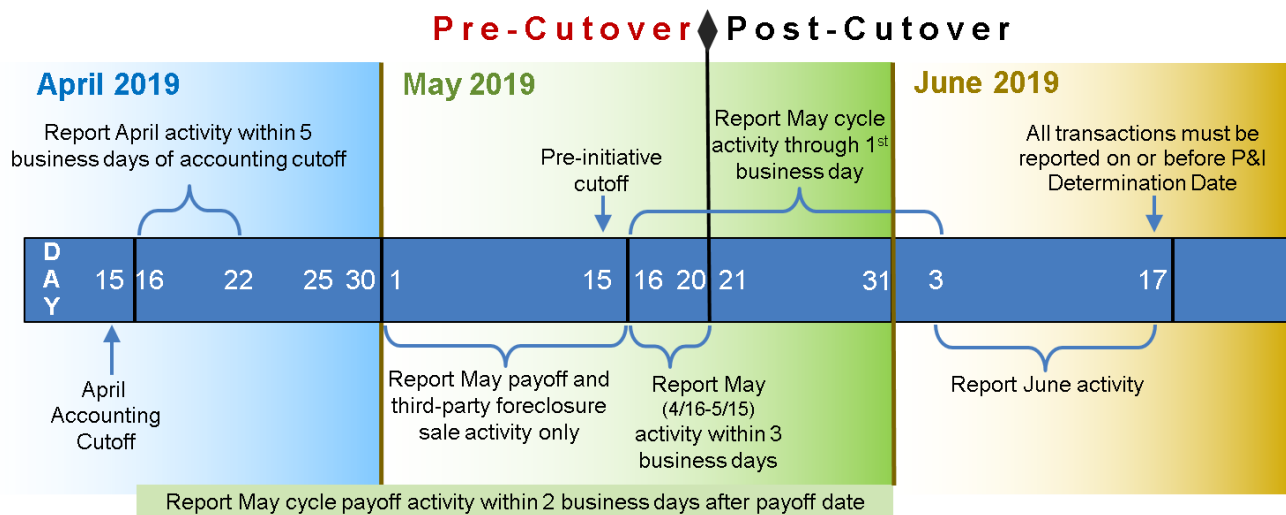
Investor Reporting Change Initiative: Cutover Process Quick Reference



“Cutover” for the Investor Reporting Change Initiative (“Initiative”) refers to an extended 45-day cycle that begins on April 16, 2019 and concludes on June 3, 2019. During this time, your organization will transition from servicing your Freddie Mac portfolio in accordance with pre-Initiative requirements to the new Initiative requirements.

This quick reference highlights how to report during the cutover, when to remit funds, and when we will draft funds. Additional information on other servicing-related activities impacted by the cutover process is also provided.

Reporting During Cutover

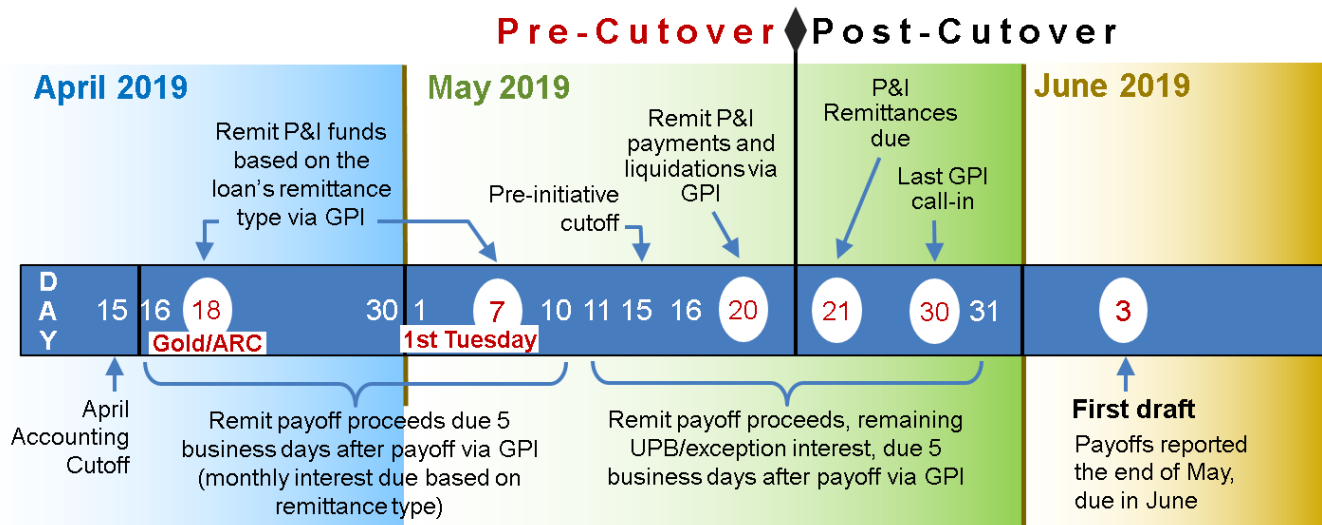


Time Period	What to Report
April 16 – 30	<p>Business as usual. Report loan-level transactions in accordance with the pre-Initiative requirements:</p> <ul style="list-style-type: none"> Report April activity within five business days of the accounting cutoff (April 16th through 22nd). Revise transactions no later than end of month (EOM) minus four business days (April 25th).
May 1 – May 15	<p>Report <u>only payoffs</u> and <u>third-party foreclosure sales</u> (exception codes 60, 61, 65, and 66 for payoffs, and exception code 71 for third-party foreclosure sales).</p> <p>Do not report new exception code 67 (Short Sale/Charge-off/Make-Whole) during this period.</p> <p>Do not report any other loan-level transaction activity during this period.</p>
May 16 – May 20	<p>Report May accounting cycle activity (including payoffs) that occurred between April 16th and May 15th in accordance with the pre-Initiative requirements.</p> <p>Ensure that you review the following reports and submit any revised transactions no later than 4 p.m. Eastern time on May 20th:</p> <ul style="list-style-type: none"> LLR System Cleared Edits LLR Edits to be Cleared Servicer Loan Transactions Missing (Loan-Level Missing) <p>Note: The <i>Loan-Level Missing</i> will be available May 17th.</p> <p>Transactions successfully reported by 4 p.m. Eastern time on May 20th will display as amounts due for May 21st on your <i>Seller/Servicer Remittance Analysis</i>. You may continue to report revised transactions after 4 p.m. on May 20th, however they will post as amounts due in June on your <i>Draft Report</i>.</p> <p>Important: Investor Reporting Change Initiative edits will be generated during this period.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>For additional information, refer to the Resolving Loan-Level Edits Quick Reference Guide: Draft Version for Use with CIT.</p> </div>

Time Period	What to Report
May 21 – June 3	<p>Begin reporting in accordance with the new Initiative requirements.</p> <ul style="list-style-type: none"> Submit revisions, as needed, for previously reported transactions. Revisions must reflect the cumulative activity (i.e., borrower activity from April 16th through May 31st, and the scheduled interest for June). Resolve any outstanding edits for the May cycle no later than June 3rd.
June 3 – June 17	<ul style="list-style-type: none"> Begin daily reporting for all transactions for the June accounting cycle on June 3rd. Report at least one loan-level transaction for each loan in your Freddie Mac servicing portfolio on or before the P&I Determination Date, which is June 17th for the June accounting cycle.

You may begin reporting loan-level activity daily.

Remitting and Drafting During Cutover



Time Period	Remitting/Drafting Activity
April Accounting Cycle Activity	<p>Business as usual. Remit principal and interest based on the remittance types associated with the loans via Global Payments, Inc.</p> <p>For example:</p> <ul style="list-style-type: none"> Gold or three-day ARC remittances are due April 18th. First Tuesday remittances are due May 7th. This will be the last First Tuesday remittance.
May 1 – 10	<p>Remit proceeds via GPI for payoff activity successfully processed.</p> <p>Note:</p> <ul style="list-style-type: none"> Monthly interest for payoff activity reported through May 10th with a First Tuesday remittance due date of June 4th will post due on May 21st on the <i>Seller/Servicer Remittance Analysis</i>. Monthly interest for payoff activity reported through May 10th with a Gold/Three-Day ARC remittance option will post due on May 20th on the <i>Seller/Servicer Remittance Analysis</i>.

Time Period	Remitting/Drafting Activity
May 11 – 31	Remit funds via GPI for payoff activity successfully processed and posting due May 11 th through May 31 st . Payoff funds include the remaining UPB and exception interest.
May 17	Remit monthly interest for payoff activity successfully processed through May 10 th with a Gold/Three-Day ARC remittance option, as funds will post due on May 20 th on the <i>Seller/Servicer Remittance Analysis</i> .
May 20	Remit principal and interest payments, (net of adjustments) reported to Freddie Mac, no later than 9 p.m. Eastern time on May 20 th for funds due on May 21 st . Funds due on May 21 st include: <ul style="list-style-type: none"> ▪ May cycle borrower P&I payment activity successfully processed May 16th through May 20th ▪ Monthly interest for payoff activity successfully processed April 16th through May 10th.
May 30	Last day to remit funds via GPI for funds due on May 31 st .
May 31	GPI no longer available.
June 3 and beyond	Effective June 3 rd , Freddie Mac will begin drafting funds from your designated custodial account.

Additional Activities During Cutover

In addition to loan-level reporting, remitting, and drafting, there are several additional activities the cutover process impacts.

Electronic Default Reporting (EDR)

EDR is suspended between May 13, 2019 and May 31, 2019. Do not report via EDR during that time period. Resume reporting your EDR activity on June 3, 2019.

Subsequent Transfers of Servicing

Beginning January 1, 2019 through May 12, 2019, do not submit Subsequent Transfer of Servicing (STOS) requests with the following transfer effective dates:

- April 16, 2019
- May 16, 2019
- June 1, 2019

Beginning on May 13, 2019, you may resume submissions for STOS approvals with a July 1, 2019 effective date.

Custodial Account Reconciliation

You are not required to complete Form 59, *Principal and Interest Custodial Account Reconciliation Worksheet* or Form 59E, *Escrow Custodial Account Reconciliation Worksheet* for May 2019.

However, we do recommend that you complete a custodial account “validation” to verify the activity reported and remitting/drafting activity during the cutover, against your bank account activity. We recommend you retain the following reports to assist you with your validation:

- *Seller/Servicer Remittance Analysis* for the cutover cycle
- *Remittance Detail Report* for April and May

- *Draft Report* for May and June
- Bank Statements for April and May
- Loan-level Transactions Summary

Custodial account reconciliations will be required again beginning with the June 2019 accounting cycle, and must be completed within 45 days after the accounting cycle. For example, the custodial account reconciliation for June 2019 must be completed by August 15, 2019.

Compensatory Fees

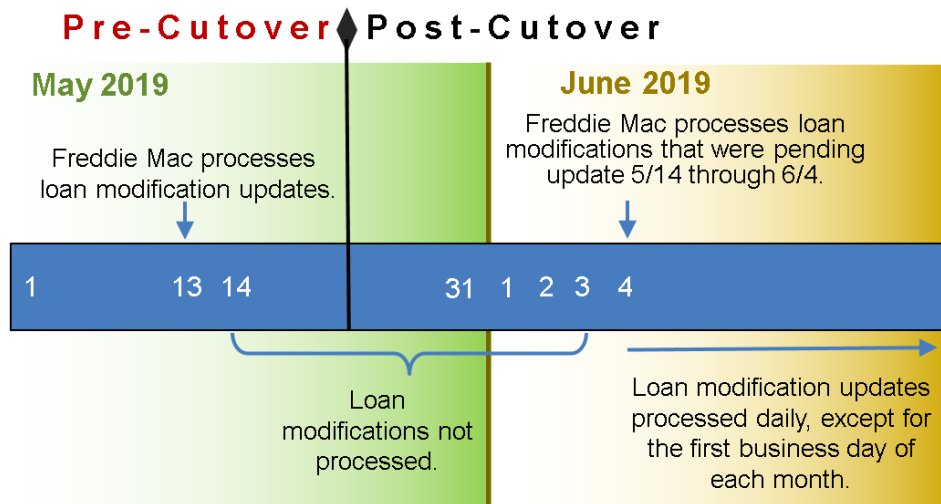
The following compensatory fees will not be assessed for May 2019:

- Reporting Non-compliance
- Late Reported Payoff Non-compliance
- Unreported Transactions and Loan Simulation
- Aged Data Errors
- Cash Remittance Interest Reimbursement
- Contract Non-compliance and Contract Change

The EDR Non-compliance compensatory fee will not be assessed for June 2019 reporting activity.

Loan Modification Updates

Freddie Mac will not process loan modifications May 14th through June 3rd. On June 4th, Freddie Mac will process loan modifications that were pending May 14th through June 4th, and continue to process loan modifications daily, with the exception of the first business day of each month.



Time Period	Loan Modification Activity
May 13	Freddie Mac processes loan modification updates.
May 14 – June 3	Freddie Mac will not process loan modification updates. However, you may continue to submit loan modifications via Workout Prospector.
June 4	Freddie Mac processes loan modification updates that were pending May 14 th through June 4 th .
June 4 and beyond	Freddie Mac processes loan modification updates daily, except for the first business day of each month.

Newly Funded Mortgages

Refer to the following table to determine how to report newly funded mortgages during the cutover.

Time Period	Report Impacts	
May 1 – 15	Do not report newly funded mortgages unless it is liquidating.	
May 16 – 31	If:	Then:
	No payment is received	Do not report the mortgage.
	A payment is received on or before May 20 th	You must report principal collected.
	A payment is received after May 20 th	You must report the principal and forecasted scheduled interest.

Reports

Several investor reporting-related reports will be retired during the cutover. Refer to the following table to determine when specific reports will be retired, where some existing reports will be relocated in the Service Loans application, and where to find the new *Draft Report*.

Time Period	Report Impacts
May 11	<p>The following reports will be retired and no longer available:</p> <ul style="list-style-type: none"> ▪ <i>Remittance Detail Report</i> (Note: We will generate the last <i>Remittance Detail Report</i> on May 10th to provide the loan-level detail for May cycle payoffs reported between April 16th and May 10th.) ▪ <i>Remittance Analysis Amount Due Drilldown</i> ▪ <i>Remittance Analysis Amount Received Drilldown</i> <p>We recommend that you archive the reports for future reference.</p>
May 13	<p>The following reports will be available in the Service Loans application by accessing the Reports tab, then selecting the Cash Management Reports tab:</p> <ul style="list-style-type: none"> ▪ <i>Seller/Servicer Remittance Analysis</i> ▪ <i>Detail Adjustment Report</i> ▪ <i>Negotiated Payoff Report</i> ▪ <i>Draft Report</i> (new)
June 3	<p>The <i>Seller/Servicer Remittance Analysis</i> is retired. Note: 12-month historical reports will still be available.</p>

Historical Report Availability

The following table highlights the availability of historical reports, and the report formats available as of May 13, 2019.

Report	April 2019 and Prior Cycles Available	April 2019 and Prior Cycles Temporarily Unavailable	April 2019 and Prior Cycles No Longer Available	May 2019 Cycle and Going Forward* Available Beginning May 13, 2019
<i>Loan Reconciliation Difference Report</i>	X (.csv format only)			X (.csv format only; other formats temporarily unavailable)
<i>Notification of ARM Loans Net Yield Adjustment</i>	X (.csv format only)			X (.csv format only; other formats temporarily unavailable)
<i>Loan-Level Trial Balance</i>	X (.csv format only)			X (.csv format only; other formats temporarily unavailable)
<i>LLR Monthly Account Statement</i>	X (.pdf format only)			X (.pdf format only)
<i>Step Rate Notification Report</i>		X		X
<i>LLR System Cleared Edits Report</i>		X		X
<i>LLR System Cleared Edits Detail</i>		X		X
<i>LLR Edits to be Cleared Report</i>		X		X
<i>LLR Edits to be Cleared Detail</i>		X		X
<i>LLR Warning Report</i>		X		X
<i>LLR Warning Report Detail</i>		X		X
<i>Loan-Level Missing</i>		X		X
All other reports available post-Initiative			X	X

*All reports are available in .csv, .xls, and .pdf format, unless otherwise noted.

Questions?

If you have any questions after reviewing this quick reference, or need additional information, check out the [Investor Reporting Change Initiative Resources & Training](#) web page on FreddieMac.com.

This document is not a replacement or substitute for the information found in the Freddie Mac *Single-Family Seller/Servicer Guide* and/or terms of your Master Agreement and/or other Pricing Identifier Terms.

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